Electrical, Warehouse Workers Win Teamster Style Wage Gain

July 3 (NSIPS) — Eighty-seven thousand electrical workers nationally won a 38 per cent wage increase from General Electric June 27, in a settlement immediately followed by that of 18,000 West Coast warehouse workers who won a 35 per cent wage increase. The accord with GE is expected to be replicated this week for 27,000 additional electrical workers at Westinghouse.

The political concessions made by the Atlanticist capitalists to these major unions follows that pattern set by the Teamsters in their groundbreaking April settlement and directly reflects the penetration of the U.S. Labor Party within these unions.

The tactical victory of the U.S. labor movement has thrown the Atlanticists into a life-or-death conjuncture. Their ability to go on looting the U.S. working class through speed up and the gouging of real wages — together with the looting of plant and equipment, the only basis of the so-called recovery — has been limited by working class resistance. What faces the Atlanticists, therefore, is hyperinflationary explosion and the collapse of the myth of the recovery — the only prop which has held up the dollar empire for the last year.

Hyperinflation, combined with the genocidal cuts Wall Street is demanding and instituting in the municipal sector, make all the more necessary the immediate implementation of debt moratorium and the U.S. Labor Party's Emergency Employment Act — to give material substance to the political concessions won by major unions.

No Recovery

U.S. capitalists are being hit from all sides with signs that their mythical "recovery" is over. Retail sales, the weak backbone of the recovery, have declined for the last two months, the irnonical consequences of the looting of workers' incomes. In June the number of employed workers dropped, the first such drop since November 1975. Even the U.S. Labor Department had to interpret this decline as a sign that the recovery was "softening," against the protests of the Ford Administration.

The prices of industrial materials are up 125 per cent on a year-to-year basis in spite of lagging industrial demand as a result of desperate price boosts by cash-strapped producers and pure speculative hedging. Without more "productivity savings" to offset the crushing burden of debt on U.S. industries, this inflationary spiral will really take off.

The economic developments, just now being recognized by U.S. capitalists, stem from the late-March political-economic conjuncture. At that point the so-called recovery — nothing more than the "stabilization" of depression conditions based on the cannibalization of plant and equipment and labor — ran smack up against the successful resistance of the Teamsters. At that point consumer goods production had already begun to stagnate as final sales stagnated and unemployment was definitely on the rise. Starting in industrial materials, inflation took off.

The Atlanticists had counted on totally breaking the labor movement to turn-around the deadly inflationary trend, but there were some snags. The International Union of Electrical Workers and United Electrical Workers signed contracts with General Electric last week that give the unions a 20 per cent increase over three-years and a generous cost of living formula which will bring the total wage gain to 38 per cent. Although the contract even escalates the pattern of wage gains set by the April Teamster contract, it is a defensive victory. The contract involves a still unpublicized productivity agreement and does not include the electrical workers' demand for a closed shop.

Immediately after GE settled, warehouse workers of the International Longshore Workers Union won a similar contract on the West Coast, a 35 per cent increase over three years including cost-of-living increases — signifying that the Teamsters contract has become the floor of all major wage agreements.

Crisis of Confidence

These contract developments quickly triggered off a crisis of confidence on Wall Street. Said one New York bank economist, "GE caved in too easily ... Westinghouse is in bad shape financially, but GE could have stood a strike for several months without hurting financially." GE's capitulation, the economist noted, was a far cry from the bitter fight they waged against the unions in 1969.

In the atmosphere created by both settlements, its is unlikely that the rubber workers, now in the 11th week of a strike against the Big Four tire producers, will accept a contract without the catch-up wage increase or cost-of-living clause they have been demanding. As far as future contracts go, Wall Street is crossing its fingers that the auto workers, whose contract expires in September, will be "more cooperative."

Inflation Worries

The pattern of wage gains escalated by the electrical contract will fuel inflationary expectations and inflation itself, Wall Street sources fear. The second quarter survey of the National Association of Purchasing Managers showed that the majority of its members are already worried about price inflation. In June fro the twelfth month in a row the majority of NAPM members, a representative sampling of, said they were paying more for materials. Leading the list of higher priced materials were metals, including silver, aluminum, copper, and steel-bars, plate, structural, and sheet.

The Journal of Commerce index of 16 industrial materials has been reflecting this trend since late March. Last week this index showed a year to year increase, with the major part of the increase falling in the last three months.

Such price increases are threatening the capital goods sector with a total collapse of production. The capital goods sector never recovered during the so-called upsurge.

The chief economist of the Machinery Institute indicates that price inflation isn't even on the machinery producers' list of worries — "They're too worried about demand." The machinery sector reportedly has "comfortable" inventories, both of their own products and of raw materials and parts. So far increasing productivity has off set whatever price pressure machinery producers have felt.

This inflation has already worked its way down the line into the government wholesale and consumer price index and has led to a downturn in retail sales, as well as construction and capital spending. While retail sales have declined for two consecutive months, at least one major national retail outlet, J.C. Penney, says it is interpreting the May-June downturn as a "temporary pause only" and that it has not adjusted its orders in line with the "unexpected" decline. There are many visible signs of the plight of the retailers — summer clearance sales in mid-June, the opening of many department stores for the first time on the July 5 legal holiday, etc.

End of the Road

The U.S. economy in fact ended its mild "recovery" last February. At that point unemployment was rising again and was reflected in the steady increase in new claims for state unemployment (an increase of from 340,000 per week in late March to 412,000 per week in late May alone.) This reality was masked by the offical unemployment rate — which incredible was going down — simply because the mass of workers who entered the employment rolls in the worst of the late 1974—early 1975 recession were exhausting their umemployment benefits and being dropped from the unemployment rolls! The number of people on unemployment insurance declined from about 6.2 million in late February to 4.5 million in late May alone.

The Labor Department is finally presenting a partial picture of this reality. In reporting the rise in the unemployment rate in June to 7.5 per cent from May's 7.3 per cent, the Bureau of Labor Statistics commented that unemployment has been basically unchanged since February, when the rate was 7.6 per cent. The June figures also showed that the number of employed workers dropped for the first time since last November. Of course, even a constant number of employed workers means growing unemployment, because on the order of 400,000 people join the workforce per month — something the BLS figures ignore. At present, several millions of college students are swelling the work force, unable to find jobs.

A look at the figures for employment in the "goods producing" industries — i.e. real production — makes the point about complete economic stagnation absolutely clear: manufacturing employment has been stagnant since January (1—76: 22,914; 5—76: 23,101). The Federal Reserve Board's newly revised industrial production figures tell the same story. Consumer goods production — the "back bone" of the recovery — has stagnated since March (3—76: 136.5; 5—76: 136.6).

Worries Persist Over New York Debt

Wall Street breathed a sigh of relief this week as New York municipal unions, under the tight control of AFSCME director Victor Gotbaum, accepted Brazilian-type contracts — cost of living increases financed out of productivity — and gave up $24 million in fringe benefits. The Emergency Financial Control Board approved the city's overall austerity plan which subsumed the contracts late Wednesday, June 30. The next day the Treasury Secretary William Simon approved the first $500 million installment of the new round of federal loans, and the city was saved from defaulting on payroll, payments to vendors, and debt service.

However, beneath the thin layer of optimism that the city has begun to get its finances straight, the New York banking community is nervous about the repayment of New York and MAC's outstanding debt which now totals more than $14 billion. Heightening those fears, the General Accounting Office of the federal government released a study last week warning that New York will not be in a position to repay the holders of $1.1 billion in city notes in moratorium at the end of the three years financial plan unless that plan is significantly revised. Banking sources say they are also concerned about the bulk of the debt which must be paid back after 1978. One banking source commented last week — after the labor contracts had been settled — that he still wouldn't touch New York debt with a ten foot pole.

Not only was the MAC's swap offer a complete flop, but MAC chairman Felix Rohatyn went before his banking friends two weeks ago to plead with them to postpone payment of interest and principal on the MAC debt for at least 3 years. Rohatyn protested that such payments would necessitate further cuts not included in the city 3 year plan — cuts he said would be politically difficult to make. And no one is foolish enough to talk about the city entering the borrowing market again.

What is dawning on some banking circles is the fact that the destruction of New York as a viable economic unit at the hands of the austerity plan is not going to help it repay its now more than $14 billion debt. In addition these layers are concerned that the levels of austerity that exist currently "on paper," both in the financial plan and the new wage contracts will simply not be politically enforceable, no matter how far Mayor Beame, Victor Gotbaum and similar friends of the banks say they will go to secure the debt.

The problem as some bankers and others see it, is that the city is still run by a "constituency-based government. The bankers call the shots but the politicians and similar people tied to the public must do the dirty work. Beame and Gotbaum and other loyal fellows may walk over a cliff if ordered, but what about the others — especially the elected "public officials." At some point, one of these councilmen,