



Domestic Markets Newsletter

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Wall Street Goes for Show of Force Against U.S. Working Class

Timed to coincide with a "perceptible show of force" in the Middle East and a threatened NATO coup for Italy, Wall Street has done an abrupt about face and embarked on course leading to a direct confrontation with the U.S. working class. The last few weeks' policy aimed at granting limited concessions to defuse the potential for mass strikes has been dropped. The bankers' and their henchmen are recklessly engaged in ripping up labor contracts, cutting income support programs for the unemployed and under-employed, deploying club-swinging police to break up targeted strikes.

The shift by Wall Street was signalled this week by the following developments.

In New York City, the banker-controlled Emergency Financial Control Board tore up the miserable transit workers contract to impose a new contract with iron-clad clause for increased productivity. The EFCB has thus dared transit workers to go out on strike.

The U.S. Department of Health, Education, and Welfare (HEW) announced in a secret internal memo its plans to cut \$250 million this year in federal matching funds for state welfare programs, by implementing long-standing penalties for supposed high ineligibility rates. This squeeze play will force tens of thousands of unemployed will be kicked off welfare programs.

In Ohio, the State Assembly this week passed legislation creating "Civilian Conservation Corp" of low wage slaves. The program proposes that able-bodied adults, "16 years of age or older", be placed in camps and employed at the wage of \$100 per month in forest reclamation and such projects as cleaning the Erie Canal. The sponsors of the bill tout it as the leading edge of a drive to pass a national CCC bill.

Why the Confrontation

Earlier this month saner heads than now exist among the leaders of the U.S. financial community called off a showdown with the powerful Teamsters, granting a 35 per cent wage increase over three years and an unlimited cost-of-living escalator to end a nationwide strike. The teamster rearguard victory quickly became a pacesetter for a series of labor negotiations, and helped to spur catch-up strike activity. Workers over the last three weeks have won wage increases of from 12 to 15 per cent with almost no employer opposition. London Economist writer Fred Hirsch hysterically summed up at a April 23 Columbia University meeting of international economic experts the terror presently spreading through the top financial policy circles over the growing international strike wave: "The labor movement is out control. Even the aristocracy of the trade union leadership has lost control over the grass roots of workers."

As several bankers here indicated, "We will have a showdown with labor — when we are ready and on our terms."

The decision to get tough comes at a point when the confrontation will hardly be on the bankers terms. What had frightened the several people within the Ford Administration and the saner people on Wall Street about the Teamsters walkout was its potential to become a springboard for a political mass strike around the recovery programs of the U.S. Labor Party. Developments over the last month have if anything increased the likelihood of a such a process taking place around any new major confrontation. Any renewed offensive against the working class will propel millions of workers who now support the Labor Party's program — but who are nominally tied to the Democratic and Republican parties — institutions upon which the administration of austerity depends — toward becoming Labor Party members. This factor will dramatically alter the political character of this period.

The decision to go after the U.S. working class now is not being made from a rational standpoint. It is a fear reaction to developments that are slipping out of the bankers' hands, the developing strike wave bought here and in Europe, the inability of their labor controllers to successfully contain such developments have produced a sense of panic in Wall Street. This fact which becomes apparent when they are asked to explain their strategic perspective on the situation — they have none.

And what if they should succeed in bloodying the labor movement and forcing a cut in the payment of labor costs by 30 to 40 per cent — the margin that the bankers think will enable them to keep inflation in check and keep the economy going for a few more months? Curbing inflation by looting workers consumption levels will ruin whatever still exists of consumer demand for retail sales; similarly the policy will undermine what remains of the tax base that both the federal and municipal and state government rely on to keep functioning. By succeeding, they destroy themselves.

Bloodletting in New York City

In New York City, the drawing of sharp confrontation lines began last week.

On April 30, the banking community-dominated Emergency Financial Control Board ripped to shreds the city transit workers contract, in order to dictate that a new contract, explicitly tied to productivity, be accepted by the union by no later than May 15. The productivity clause tied to a minute cost-of-living escalator is an exact replica of a Brazilian labor contract. Presaging the EFCB ruling, wholesale union-busting was rationalized by Big MAC chairman Felix Rohatyn of Lazard Freres who warned April

28 against those New York "politicians (who) won't face the fact that the choice is between pain and agony, not between pain and non-pain."

New York, the center of the bankers' empire, would also be a key nodal point in their war on the working class — with immediate significance for other urban centers and municipal workforces.

As the decision to put the transit pact in the bankers' paper shredder was being made, New York Mayor Abe Beame, announced April 28, that he will layoff an additional 5,000 city employees and cut an additional \$243 million in services on top of the 10,000 layoffs he has already projected for the next few months and the at least 50,000 city jobs that already have been eliminated in the first ten months of defacto banker rule of the city. Beame, under orders from his banker controllers had promised last week "drastic and senseless" cuts in vital city services to pay for the restoration of \$150 million in education cuts mandated by a bill passed by the rebellious state legislature over Governor Carey's veto. Beame's latest plan includes cutting away the jobs of 1,500 police, 620 sanitation workers, and 135 firemen and 2,100 welfare and social service workers. The plan will reduce garbage collection from twice to once a week; cut the city hospital budget by an additional \$35 million with a loss to the city of up to four times that amount in federal and state aid; and close nearly half the libraries in the city.

Simultaneously, other elements of the city bureaucracy announced the next ratchet in cutbacks. On April 27, Irving Anker, chancellor of the city's school system announced, that 37 more schools would be shut down by the end of June. Added to the 27 schools closed earlier this year, this means the elimination of classroom seating space for 43,000 children. Earlier in the week, the city's Human Resources Administration announced reductions in welfare payments of \$24 million between now and June 30 and another \$57 million during the next fiscal year — all to be implemented by throwing recipients off the welfare program more politely known as "tightening eligibility restrictions."

The number of social services shut down and workers fired in N.Y. could go much higher, according to an interview granted on April 23 with Joel Harnett, president of the City Club, which represents New York's bankers and businessmen, who have consistently called for unionbusting. "Look, this city is run by labor sweetheart deals," asserted Harnett. "We could let 100,000 employees go and the city would run just as well or better. This is what we should do. We need rational organization. Fire services can be reduced; we don't need all these fire houses. The hospital system is run for political reasons....(and) is much too large. New York city hospitals are overbedded. We could close most of the public hospitals down." Harnett recommended that the threat posed by a strike by city workers protesting against these accumulated cuts is "overrated" and stated such strikes could be put down if the city were willing to call in the National Guard.

Other Attacks

New York-style austerity was announced this week across the country. The U.S. Department of Health, Education, and Welfare moved to throw tens of thousands of welfare recipients off the rolls in a planned blitzkrieg attack against the nation's "marginal population." According to a secret internal memo, the HEW announced that it will cut \$250 million nationally in federal matching funds for state welfare

programs by implementing long-standing penalties for supposed high ineligibility rates, New York state will lose \$30 million, and \$11 million in payments to Illinois will be cancelled in the first round. This is just one of several cuts either in implementation phase or planned by the HEW. Last week, President Ford vetoed a bill appropriating \$150 million to the HEW — administered day care program. The funds are needed by the day care centers to upgrade facilities to meet federal standards. Without the monies all of the nation's day care centers may be forced to soon close, — a move which would place 2 million pre-school and elementary school age children out in the street.

In Virginia, Gov. Mills Godwin declared April 30 that he will attempt to tear up public workers' contracts, to open the way for further wage cuts. Godwin directed the State's attorney general to seek a state court ruling declaring contracts between unions and state and local government agencies to be illegal.

In New Jersey, Gov. Brendan Byrne, citing state financial difficulties, said that he will lay off 4,000 state public school teachers.

In Chicago, this week, school superintendent Hannon leveled another attack on education with his announcement that 20 Chicago schools will be permanently boarded up next fall.

Giving a sense of the breadth of the policy shift for all-out austerity, the Chicago Tribune, reflecting the views of Chicago based-industrialists, greeted the news of the city school system closings as well as other Illinois school shut-downs, by editorially calling for more social service cuts. The state just doesn't have the funds to keep up Medicaid, and other educational programs, the April 30 Tribune editorialized.

The Schachtian Slave Labor Alternative

In a flanking operation to their budget slashing, Wall Street is attempting to resell the fascist Humphrey-Hawkins "emergency jobs" bill and related regional Schachtian economic measures by wrapping them up in new gift paper. The sponsors of the Humphrey-Hawkins measure were forced to shelve the bill in April after the Labor Party mobilized broad U.S. working class opposition to it. Alarmed by the building strike wave and the signs of a hyperinflationary outbreak, the bankers have again decided to go for broke with the slave-labor jobs bill. At the same time, regional forced work programs are being maneuvered through various state legislatures.

In Ohio, the state assembly passed a "Civilian Conservation Corp"-type program, known as Ohio House Bill No. 12, April 29. The Ohio State Senate will vote on the bill in mid-June, when the senate reconvenes. The program proposes that able-bodied adults, "16 years of age or older" be placed in camps and employed at the wage of \$100 per month for such tasks as forest reclamation and cleaning the Erie Canal. The CCC camps, to be located in southeastern Ohio, will be governed by laws drawn up and enforced by a self-regulating body representing the ranks of unemployed.

As passed by the Assembly, the CCC program is voluntary. However, last month 50,000 unemployed were dropped from the extended unemployment benefits programs in Ohio, and from the welfare program in Cayuhoga County, which includes Cleveland. The coordinated legislative and executive state actions leave no doubt that these unemployed, now without any income support, will make up the first round of

"volunteers" for the Ohio CCC programs, a plan confirmed by one of the backers of house bill 12 this week.

At the same time, a national CCC program is now being advanced in bill form in the U.S. Senate by Senator Henry Scoop Jackson (D-Wash).

Humphrey-Hawkins Exhumed

After a long silence on what the Labor Party had turned into an odious subject, several CIA-connected trade union leaders and Democratic Party officials, again raised the call for the adoption of the discredited Humphrey-Hawkins bill. Speaking before the Ford Council UAW meeting in Detroit April 29, United Auto Worker Union president Leonard Woodcock issued a plea for full employment and passage of the fascist Humphrey-Hawkins legislation. Wall Streets' labor lieutenants quickly followed suit. In Baltimore, the Central Labor Council president, Tom Bradley distinguished his loyal agent career by staging the first known street demonstration in support of the Humphrey-Hawkins bill, dragging 50-60 demoralized union hacks out of the occasion.

Democratic Party Black Caucus leader, John Conyers, the chairman of the Senate Select Committee on Intelligence Frank Church, and a host of other Democratic Party flunkies appeared with endorsements of Humphrey-Hawkins measure in the press or on radio in the last week. In Charlotte, N.C., at the National Conference of the Black Democrats April 30-May 2, the demoralized participants

followed the lead of the stacked UAW delegation from Michigan and unanimously endorsed the slave labor bill. The most enthusiastic comment coming from the non-agents in the group was, "Well, any job is better than no job."

Police and Strikes

The use of club-swinging police were activated against some smaller workers' strikes last week — an example of what the bankers would like to carry out against the larger, stronger unions. In St. Louis, 50 pickets at a Lever Brothers' strike were arrested April 26 by club-wielding police as workers attempted to prevent scabs from entering the plant. At the Anheuser-Busch brewery, a group of workers got similar treatment. In Waterbury, Conn. over 80 Uniroyal pickets were arrested again for attempting to stop management scabs.

Two major strike situations remain unresolved, potential points of confrontation. In the pivotal month-old San Francisco strike, where the Labor Party has polarized forces around the issue of debt moratorium, Mayor George Moscone threatened to mobilize the police to stop alleged sabotage of water mains supposedly carried out by the strikers. Finally, in the nationally significant two-week old rubber workers strike, the rubber companies have suspended the Supplemental Unemployment Benefits (SOB) of the striking workers.

Clearly, for Wall Street, the most important battles lie ahead.