

LABOR PERISCOPE

Carter austerity guidelines declared unconstitutional

As we go to press, a federal district court in Washington, D.C. has declared the Carter Administration's "voluntary" wage-price guideline program unconstitutional.

Acting on a suit the AFL-CIO, Judge Barrington Parker ruled that "President Carter has exceeded the authority conferred on him by the Constitution by seeking to control incomes and thereby prices through the (government—ed.) procurement power." The ruling refers to the oft-repeated threats by the President and his inflation "fighters" such as Alfred Kahn and Council on Wage and Price Stability director, Barry Bosworth to deny federal contracts to firms which violate the 7 percent wage and price increase guideline.

The program, Parker stated, is mandatory since it "imposes a real penalty."

The precise impact of the court decision is uncertain. One thing that is certain is that the decision caps a week of Carter Administration policy failures that is feeding the climate for a "Cartergate."

Carter Administration sources tended to downplay its importance. An appeal—all the way to the Supreme Court if necessary—is a certainty. The complicated appeal process could take two years. Provided that the Administration receives a "stay" of the court order voiding the program for the duration of the appeal, the government could still use its procurement club against offenders.

Sources close to Kahn indicate that they may have something else in mind. For weeks, they have been saying privately that the

guideline program was worse than a bad joke. The open defiance of the guidelines by the Teamsters union last month and "flips and somersaults" by Kahn to place the 30 percent plus Teamster package inside the guidelines made the program a "liability," said one source.

These individuals want a mandatory controls program—and they want it in place before the United Autoworkers negotiate their contract in September. They point to statements by George Meany and the UAW's Doug Fraser that they might go along with a program that calls for "equality of sacrifice." The AFL-CIO, ironically, is on record as calling for a mandatory wage-price control program."

Industry has maintained a high profile public stance against any mandatory program, although they support the "voluntary" austerity guideline. Some of Kahn's people feel a desperate Carter might be recruited to a populist sounding campaign against "big business"—with possible labor backing—for a full controls program.

The AFL-CIO may however have scored an important victory despite itself. Kahn's corporatist pundits had actually discussed putting another controls program through by executive fiat—thereby avoiding a major congressional brawl. How they were to accomplish this feat was never quite clear, but with the court decision it seems a moot point. As things stand now, a mandatory controls program would have to go to Congress, where it would die.

Rubber strike drags on

The strike by 8,500 members of the United Rubberworkers union against Uniroyal, the nation's third largest rubber producer, is now almost a month old. Both sides got back to the bargaining table last week, but appeared no closer to reaching a pattern setting a three year contract for the rubber industry.

Spokesmen for URW President Peter Bommarito, who has repeatedly charged the Carter Administration interference with the collective bargaining process has prevented the union and company from reaching a settlement, were elated at Judge Parker's decision overturning the Carter wage guideline policy.

Other sources expressed caution.

More importantly, these sources say that while the Carter program most definitely forced the strike, there are other factors that might prolong it. As reported exclusively in this column two weeks ago, a faction within Uniroyal centered around the company's growing chemical division would like to use a long strike to force major cutbacks in the "less profitable" tire-making division. The other tiremakers apparently desire this as well and have reportedly communicated that they will not accept a Uniroyal package as a pattern if it goes near 40 percent. And there is the widely circulated report that General Motors, the largest purchasers of Uniroyal tires, has let it be known that they too would be "unhappy" with a high-wage settlement.

Meanwhile, other contract showdowns are nearing. Pacts covering Teamsters and longshoreman at northern California warehouses expire next week; while a complex bargaining procedure would tend to preclude a strike in the next few days, one is viewed as likely in the near future.

—L. Wolfe and M. Moriarty