

BOOK 18

This book contains the following order of speeches:

Frank Rosen, "United Electrical Workers Speech."

UNITED ELECTRICAL WORKERS SPEECH given at Gary Public Library

by Prank Rosen 10/3/72

People need to think about what kind of world they live in, the real world that they live in, who runs it and what they're going to have to do to change it. And you can't do that without a lot of facts and information and teaching people how to fight. In that sense I guess I'm an economist. And I think in that sense every labor leader worth his salt is going to have to become an economist to help others understand how they are being exploited and what they are going to have to do to change it. I'm a strong believer that knowledge is power and that those who are ignorant are taken advantage of by those who know something in this world. And we've got to get some more knowledge. In the world we live in, which is extremely complex, there are no simple answers to anything anymore. There are no one word slogans or four word slogans that are going to solve our problems. It's just not true. We live in a complex world and we've got to seek to understand it. I'm going to do a few things, I hope, with you tonight to explain some things on the economic situation in our country, because basically that's what we're talking about. I don't expect I can cover everything that ought to be covered. I'm sure people will have questions and comments on things that they want to add and fill in around things that I raise with you.

I'm a strong believer that it's necessary for people who are serious about understanding our country to take a long view and I mean years ahead. And also you've got to look years back the same way. Short views of things explain nothing. A short view right now might conclude that Nixon's economic policies are working because there has been a pickup in production, for instance, the last few months and undoubtedly will be some more between now and election day. Which is exactly what he intended. He's saved government money that was appropriated three and four years ago and, refused to spend it until starting this summer. He did that to build things up now, to,

make things look as good as possible. All that he has done is put a pimple on the economy, a little bit of a bulge on a situation that is getting much worse. But anybody who doesn't study things, just looks at yesterday and today will say well guys, you know, things are working. When, in fact, they are not working at all. And in fact what he is doing now will only aggravate things by next spring.

Now a long view of our lives means that when you look at economics, you look at politics, that things aren't always done because they are... right or something's smart from an economic point of view: They are done because somebody is running for office, or one system is in competition with another system, and so on. For that reason you just can't look at production and employment and things like this. You've got to look at what's behind it and when you look at what's behind it you've got to look at the politics of our country and the world. And particularly you can't isolate what is going on in the United States from what it is doing overseas. No way! They are too wrapped up together. Now fifteen, twenty years ago a lot of people didn't believe that. I think the Viet Nam war has pretty well taught everybody that our foreign policy has a pretty direct effect on what happens to us at home, living standards and everything else.

Now most of us at one time or another were forced to read the U.S. Constitution, and it has a preamble which says among other things that the purpose of the government is to promote the general welfare. I would submit to you that unfortunately the government of the United States is not promoting the general welfare, but instead is promoting the welfare of the generals, General Motors, General Electric, General Telephone, General Dynamics and the brass that is currently running the Pentagon and lots of other important corporations. And that that is what they are promoting. The United States is ruled, and I use that word advisedly,

I say it that way, is ruled by the large corporations. We have, and every country has, a ruling class and I use that term just that way; we have a group that runs our country. They happen to be the largest financial interests in the United States and they basically set the course that our country takes. They initiate most things that happen here. If they go too far the people react against them and force them to pull in their tail feathers sometimes or to change their policies. But basically they decide what's going to happen in our country. And most Presidents of the United States, including the one most certainly we have now, serve merely as the chairman of the board for the American ruling class. They help put him in power. He follows what they want him to follow and never departs too seriously from what the major financial interests in this country are interested in.

Now, if we're going to talk about economics in this country, we have to really at least deal with the period since the war, and I mean World War II which was a major turning point in the affairs of the world. Because the rulers of America had a program and they were real clear about it, what they were going to do. They had certain very specific intentions. First of all, they were going to rebuild Europe and Japan and make sure that they remained capitalist countries and did not go the route of a number of countries where the Red Army held the ground instead of us. They were going to build Europe and Japan as capitalist countries, but as junior partners to the United States, which would be controlled by us through political, military, and financial means. We would shape them into military alliances to oppose the Soviet Union. And in case in any country something happened, an internal revolution or something in any country, these military alliances would be used to suppress any revolutions or sweeping changes that might take place in France, in Italy, in England,

or anywhere else on the continent of Europe. Now that was one of their goals.

A second goal was that there was to be no change in the Third World. None of these colonies was supposed to bust loose, except that they were to change owners. You know, France and England were to leave and we were to move in behind them. That was our intent. The third thing was we were going to drain it dry with a cold war, and intimidate them with nuclear weapons. And in that way gain dominance and eventually turn back or completely limit the ability of the Soviet Union and its friends to be an influence in the world. They were making such huge money overseas right after the war, and they were because Europe was decimated, had no industry, was a huge market for us. The colonial world was still not free, any part of it, and raw materials were cheap still. They were going to use some of that money and raise living standards somewhat in the United States and, in that way, keep the American people quiet. These were the elements of of their policy.

And incidentally LBJ was still doing that when he started the war in Viet Nam, because the reason we didn't get price controls then and wage controls and a tax increase for that war was because he was afraid that if he 'made the war hurt in the pocketbook at the beginning the opposition would have been even greater. So he tried to avoid putting a financial drain on individuals in the United States when he got in deep in that war in the hopes then that the war would be acceptable to the people. And for awhile it worked. Of course that war now is ruining our economy, just among other things, so the whole picture now has finally changed. But this whole policy that we can have guns and butter too, you heard that, guns and butter. Well, it's turned out we can't have guns and butter. And that's what's happening now.

Now did these premises hold up? You know, building up these capitalist

junior partners, keeping the colonial world under foot the way it was, suppressing the Soviet Union. Did these things work? Well I think it's clear that almost every premise of our foreign policy has been shattered. And you've got to remember that in 1945 the world was flat on its back. We had overwhelming financial, technological, and military superiority, including the atom bomb which nobody else had--including the fact that there was enormous goodwill toward the United States in most of the world because of the role Roosevelt had played in putting together the alliance to defeat Fascism. If there was ever a country that had everything going for it, we had it. And these guys thought that they were going to run amuck with it. You know, you remember Churchill started with bringing down the iron curtain. He makes that speech in Fulton, Missouri; Truman picks it up and we set a policy of the Iron Curtain which supposedly the Soviet Union has set up, but actually it's what we're going to put around them to keep them from getting out. Fortune Magazine called for a hundred years of American rule; the American Century is was called. Those of you that are older will remember they just really thought the world was their oyster. So what's happened? Well, I don't have to talk to you about Germany and Japan, it's obvious what's happened there. We've created Frankenstein monsters. These countries we've pumped millions of dollars, billions of dollars of American taxpayer's money into now are our major competitors. You take the Volkswagon, the Toyota, you know, everything else. Nixon has to go to Hawaii to meet with the Premier of Japan. He came back with nothing, really, from our point of view, because they have economic superiority over us in certain fields and they're going to continue to unload on us to our disadvantage, which will eliminate jobs here. You can list the countries that have broken away and were defeats of one sort or another for American foreign policy in the Third World. China, of course, number one, Korea, What's happened in the Middle

East where the price of oil goes up two, three, may be four times a year now, because the Arab nations are getting together. The breakaway of Cuba, the partial breakaway of Chile. Now nobody can say that the Third World is an American happy hunting ground anymore. Third, whether you approve of the country or not, the Soviet Union has made steady and solid economic growth, and so have its friends, although they have made many mistakes. But they have grown steadily as an economic force in the world and they are doing it, I might add, without inflation. You never hear anybody talk about inflation in those countries. And lastly, for six or seven years now our living standards have been going down in this country. And when I say "our" I'm speaking as a representative of the labor movement. I'm sure that there are steelworkers here and others. Our unions at the center of American economic life were able to protect ourselves to some degree. And our members were able to buy more things year after year than they could buy the year before. So for workers in basic industry who were organized in this country, life did get better until about 1965. So you know, if a guy is going to measure his life by his washing machine, is it a better one than he had before? Does he have a color TV instead of black and white? If you measure your life that way, life was getting better until 1965. Since 1965 life has gotten worse.

I have charts here if anybody is interested and I think you know that real take-home pay has changed hardly at all since then. And when you start putting in local taxes, which are not figured into those figures, for most of us we can buy less now than we could seven years ago. For us, then, our living standards have been declining in what we say absolutely. In other words you can buy less than you used to. The rich have been getting richer faster than we have all this time, see. But the average working man doesn't care about that and if he's getting wealth at the same time he's not going

to worry about the wealthy. But what's been happening in the last seven years is that the wealthy have been getting wealthier like they always do but we've been getting poorer. So the ability to bribe, so to speak, the American people for a reactionary foreign policy has been evaporating in this country.

Now before I get down to our own situation a little more in detail, I just want to comment on one other thing, again. The basic conflict in the world (and it's beginning to take other forms) but the basic conflict in the world is still that between socialism and capitalism and, more specifically, it's still between the Russians and us. And it doesn't hurt to understand what their strategy has been. You've got to understand what the other side is doing as well as yourself. Their strategy has been to consolidate socialism and to expand it until it is the dominant economic system in the world. They make no bones about that. They think their system is superior. And they have done it on the premise that they are going to do it without a world war and without using nuclear weapons. Now that's been the essence of their policy toward us. And you have to ask yourself, how have they been doing with their goals? Any realistic assessment of the world today, you'll have to say, whether you like it or not is beside the point, they are doing better than we are. They have built a powerful nuclear and conventional military deterrent just like ours. It may not be as strong; they can only kill us fifty times over with their nuclear weapons while we can kill them a hundred times over. Big deal! You know, either one of us can wipe the other one off the face of the earth. They've got a protective belt of nations around them in Europe; they have made a good job of developing their own economy and their allies; they're handling their military costs better than we are. And if you want to talk about guns and butter, we're the ones who 're going under on military spending not them, because our's is so full of graft and corruption at this point that we don't get anything for most of that money. You know, if you want to

talk about getting something for what you spend we're the ones who're becoming bankrupted by the military spending. It started out, we were using military spending to slow down their development. And right after the war we could get away with that because they were flat on their backs, but it's not working that way anymore. It has turned around so that military spending is putting us under the table instead of the Russians. Next, they are slowly strangling us overseas on our cheap oil and cheap raw materials, because they continue to give military and economic assistance to colonial countries breaking away so that they can get independence so that they can raise the price. Now, that's what they are doing in the Middle East oil. That's what they're doing when they help Chile, and they're doing it anywhere they can and help a government get enough independent of us so that it can raise the price of raw materials we buy. The Russians are doing it. It helps these nations and puts us more and more in a bind. They're also in a number of countries penetrating capitalist markets, as they are doing in Italy with oil and gas which they ship on pipelines pumping into Italy now. We get a newspaper in our office called Metalworking News. It's the house organ of the machine-tool industry in the United States, a house tabloid of about forty pages. Comes out every week. For three years either the first or second page of that paper has had an article on orders for machine tool business from the Soviet Union. They are preoccupied with it because there aren't any orders over here. The British, the French, and the Germans have been getting the business and we don't. The machine tool show just took place in Chicago and the only thing they talked about when it was over was how much business--I think you saw the picture here. The Russian's plane came down at O'Hare with 116 engineers on it and the whole question is how much did they order.- You know, this is their preoccupation, because they don't have work for that industry over here. We're the largest machine-tool union in

New England and we got half the people in our machine-tool locals who've been laid off either one, two, or three years. So we know what this is all about. And those companies, Textron and Excelllo, these big conglomerates have been sending people to Moscow now for two years. The problem hasn't been with Moscow, the problem has been with Washington, to get released to sell machine-tools to the Soviet Union. So, you know; when you look at all these things you have to say they're not doing very badly. And it's one of the reasons, you know, that there has been a whole shift in what Nixon is doing and the kind of shape this country finds itself in.

O.K., so much for an overall taking a look at the whole world, at what's going on somehow. Now let's take the United States more specifically, because the ruling class in this country has a terrible problem. Now most of you are union people and you know that when the boss has a problem, he doesn't keep it to himself. I don't know how many times the company screws up, then they call you in, "We got a problem," you know we, all of us, "we got a problem now," because of something they did. And they've got a terrible problem; they've got too much production capacity. In other words, they've got too many factories to produce too much goods for what can be sold. Now, they wouldn't mind that, see, if they could still make profit that way, the profits that they used to make. But they can't allow that situation to continue because over capacity grows, because every year we get more efficient. So if you didn't build another factory in this country this year, next year you would have four per cent more over capacity because of the productivity of the plants that are in operation. That's the problem. But they're not satisfied with just trying to solve that by selling more products. They want, at the same time that they're solving the problem of over capacity, they want the rate of profit to stay like it's been. And it runs on the average in this country ten per cent on your investment. If you're GM or Ford, it's twenty

per cent, or GE, it's twenty percent, and so on. The biggest and most powerful monopolies, naturally, have higher profits than the average. Now if you say there is a contradiction, if you solve the over-capacity problem, they are going to have to cut prices and profits--you're right. But they don't want to do that, see. On the other hand, if you don't cut prices and profits, you can't sell more goods and use some of this excess capacity. So they're caught between the switches. And that's what is dictating everything that is going on in our country. The over-capacity was not obvious ten or fifteen years ago. You know, Europe was still recovering from the war, so were we. We went for a number of years without all the goods we needed. We had a rapidly expanding population, we had a lot of things going for us that concealed this over-capacity that we have in this country. Now at this point I think that the over-capacity is obvious. I don't have to tell people who live in Gary what you go through here with U.S. Steel and talk about the new facilities that they put up here as compared to elsewhere. And when they open a new plant they ought to be able to close down so many old plants. You know this story, all of you. But there are many other things--and I'm going to give you some figures in a little while, I have some fact sheets with me--but basically the big markets created by World War II are gone. And that's way they like wars, incidentally. Wars destroy commodities, just destroy them wholesale. Not just the shells and everything but all the buildings you blow up and the bridges and the railroad track. Let's face it, the aircraft industry here is going to be hurt when the Viet Nam war ends and they quit having to replace helicopters and fighter-bombers and everything else. War is a real nice consumption item as far as the ruling class is concerned. But they haven't been able to get a real good war going that would really take care of their over-capacity. And chances are that because we'll all get killed in that war right along with the Russians we probably won't have

it unless nuts get hold of the government. The next war will be nuclear and that's what's saved us from having any war, any major war, at all. So the market is gone with all the monkeying around that they're doing--and I'm going to explain this as I go along--the real over-capacity with government funds to try and overcome over-capacity. You've got inflation, you've got a world monetary crisis which will, not soon be solved and which will eventually wind up with the price of gold being close to sixty or seventy dollars an ounce at which point the Soviet Union will probably sell all of the gold they've got, because they've got more than anybody else in the world.

Another way in which our competition with the Soviet Union is not going so hot--we've had what is called a liquidity crisis. Lockheed almost went under because it didn't have cash. Incidentally, Chrysler did too, only they saved it just in time, but Chrysler almost didn't have the money for their next payroll. This wasn't too widely discussed. The Penn Central would've gone under if it hadn't gone on government welfare the same way that Lockheed has. Big important corporations don't have the cash with which to operate. For two reasons, I might add. First of all they've stuck lots of money into capital investments, so that cash is tied up that way; and second of all they are busy gobbling each other up, they're cannibalizing each other. There is no increase in the total market in this country, but individual big corporations are swallowing up smaller ones. And it takes cash to do that, cause you've got to bribe a certain number of big stockholders in the company you want to take over. You've got to do a whole number of things, you know. You do it by stock prices and all kinds of manipulations. It's what's involved in the ITT-Hartford Fire Insurance thing, that's cannibalizing, one company grabbing another, using stocks and money to buy things. And when they get done they've got lots of assets on paper but very little cash. And it comes because they have no other place to spend

that money. If they were spending it expanding productive facilities and producing goods and services that were of use to the society that would be something different; we would benefit from that. But this gobbling up benefits no one except a few insiders.

We're seeing the over-capacity damage our tax structure to the point where we're all about ready to go up the wall, between the various kinds of taxes we're paying. And we're seeing our living standards lowered. In addition, those who are the least able to defend themselves, as usual, -take the worst beating. Now we in the labor movement, by running like hell, have managed not to drop, but the Blacks, Spanish-speaking minorities, poor Appalachian whites, and others are seeing welfare cut-backs, are seeing monkeying with the food stamps, monkeying around, cutting back the school lunch programs, milk programs, everything else, frequently without benefit of going to Congress. Nixon does it by who he appoints to certain jobs in government agencies and they go ahead and do something. And whatever they do it always manages to hurt poor people. A very consistent record of it. In addition, as I said the quality of our lives--even if I've got a better washing machine or color TV, I don't consider TV in any extent to be a contribution to the quality of life, you know. Even if I did, even if we have these things, the problem of crime, of narcotics, of the blight of the cities, of pollution, of racism, all of these things which are putting us at loggerheads with one another, have made us crabby, distrustful, an uptight country in our relations with one another. And I don't think anyone anymore would seriously argue that this is as nice a place to live as it was five or ten years ago. Many of us didn't think it was so nice then, but I think most of us would say that it's worse now than it was five or ten years ago. And no outlook that it's going to get any better, I might add, in the near future.

Now, let me now go into some more detail on this dilemma, this business

of how you expand markets for your goods for the factories that aren't working and maintain profits at the same time. Because they are trying to do both, see. Now the first thing they've got to figure out is how do you create markets. And there's a number of ways they've been doing it ever since World War II. First of all, they give business all kinds of incentives to buy new plant and equipment. Now they figure if a machine-tool plant gets an order for machine tools and has to hire workers to make machine tools, not only does that give business to the machine tool industry but those workers also buy more consumer goods. It stimulates the consumer goods industries as well, because workers don't eat machine tools and they don't buy machine tools. That's why the emphasis is always on stimulating what is called capital goods. And of course the steel industry is a capital goods industry. If machine tools are built, steel has to be bought, and so on. So the emphasis is always on stimulating those things which will stimulate capital goods industries. And they've done this with certain kinds of tax incentives which I'll discuss a little later. That's been going on now ever since World War II. That's one way to stimulate a market. Another way? Easy credit. After the war the longest loan for a car was eighteen months, then it went to twenty-four, then it went to thirty, and now it's three years. Buy now, pay later. They make it easier and easier to go in debt, so that you'll buy something now that you are going to pay for later, because temporarily that gets you over the most recent economic difficulties and you'll worry about the future when the future shows up. Now that's the way the government has been operating as far as consumer credit.

That's the way the government has been running too? Buy now, pay later. And are we going to pay before we get done! We stimulate foreign markets with US, tax dollars. We pay taxes which then go to foreign governments under the guise of foreign aid, either military or economic, on the condition that they

buy stuff from us. So they take money out of our pocketbook, give it to a foreign country, say you got to buy from us and then we feed stuff over there. Our union broke with the CIO on this question of the Marshal Plan. We said that was nothing but a steal from the people which would enrich the rich and impoverish the poor and be to the detriment of the American worker. Now we said that in 1948-1949. And we were called a bunch of damn Reds for it, you know. And it was one of the things that led to our break with the CIO. You hear anybody praise foreign aid any more? You can hear all kinds of labor leaders these days talk about how it has done nothing but enrich the rich and impoverish the poor. And you know, the taxpayer has been taken for a ride on foreign aid. Everybody admits that now. Our only mistake was that we said it twenty years earlier. We've used military spending as a way to stimulate the economy. And lastly, we've expanded government payrolls, not so much the federal government as state and local. We've put a lot of people on there doing nothing but busy work. Two people doing a job that one person used to do. That kind of thing. I'm not talking about education now. You have to separate our education. That's a special problem that I want to comment on a little bit before I get done here. I'm talking about keeping people employed even if they are doing practically nothing. If you go into Chicago or many other big cities, you'll see that they are doing nothing and getting paid for it.

Now the problem that these guys have is to create markets. The ruling class wants its consumers as numerous and as wealthy as possible so they'd like their workers to have the money to buy, when you worry about the market end. But from the profit end they want to pay them as low as they can, see. And that's the problem they're having with this whole thing, because there is only one way they are going to maintain their profits in this situation and that's to rob from the people. Now in a feudal society life was pretty simple.

You know what feudalism was: a peasant was attached to the land and that land belonged to the lord and the peasant couldn't leave the land. He got half his crop and the lord got forty per cent, and say the church got ten. That was the arrangement. Every year whatever he harvested, it was divvied up on the spot. He knew what he was making and he knew what he gave up and he knew who got it. We live in a society where we are alienated from the results of our production. So the average production worker can't measure what he has produced compared to what he gets for it. And we're robbed three ways. First those of us who are engaged in production are robbed, because we don't get back the fruits of our labor. Secondly, we're robbed when we go out and buy stuff, we're robbed as consumers. And third, we're robbed as taxpayers. We get it three ways. In addition to which we are being robbed in this intangible way, this thing that I call the quality of life, on which it is very difficult to put a price tag at this time. The other thing that they have done, a way of robbing us, is to deny services to the cities, to allow the cities, for instance, to go to hell in a basket, which they're all doing. Now the consequences of this over capacity is the United States ruling class has to maintain its profits while it has too much production machinery around. There are many consequences and I'm going to give you a fact sheet in a couple of minutes on several of them. But some things you know are clear from the newspapers. First of all that we have created a Frankenstein as far as Japan and Germany are concerned by what we've given away to these countries. And now it's coming back to haunt us. Secondly, it's becoming clear that military spending no longer stimulates the economy like it used to.

We won't have a viable society. A defense contractor more or less has a license to steal. There is no policing being done of the costs he estimates. We now have an interlocking network of thousands of officers from the rank of colonel up or commander up in the Navy who go directly from the armed forces

after their twenty or thirty years, after which they retire at full pensions, and go directly to the companies with which they have been doing business as military contractors. At this point it's all one big happy family and they cover for each other and they lie for each other. It's just become a way to raid the public treasury. Third, the weapons systems we are developing are incredibly expensive and require not the skills of production workers and people who work with their hands, but require the skills of highly skilled professionals, a handful more or less. So these industries no longer-generate lots of jobs, they generate jobs for an elite layer and for no one else.

I think that it's also clear to most of us that state and local government costs have gotten just about out of control. And they're going to get even more out of control with revenue sharing where Uncle Sam is now going to take your tax dollars and then dump back into the states. And they'll be responsible to no one. If they want more money they at least have to put it up to a vote for bonds or a referendum, or an increase in taxes or something. But once they start feeding out of Washington for their money your ability to control your local tax structure is going to become more and more difficult.

Now at this point I want to go into some of the other things, some of the facts and figures on what the over-capacity is and where it's leading. I've called these long term economic trends, because I've based all these figures on things that have been happening roughly from 1948 to 1970. And that's a long enough time to look at something to be sure where it's going. Production in this country is up 157%. Now that means production is roughly two and a half times as great as it was in '48. Two and a half times more, goods are produced in American factories than there were in 1948 and they're being produced by 9% more workers. The work force went up 9%, you know, something like a million, a million and a half. And with that million and a half more, two and a half times as much stuff comes out every year. That's

where we have over-capacity because productivity, the out-put per worker, has gone up 144%. In other words the individual worker produces roughly one and a half times as much stuff, as he did in 1948. But his real take-home pay, his purchasing power, his ability to buy back what he produced has only gone up 38% so he is less and less able to buy back what he produces.

Now in this time profits and depreciation allowances have gone up so that they are nearly triple what they were in 1948. The plant capacity has tripled, it's gone up 200%. But here's the rub, percentage of capacity utilized. In 1948 we used 92.7% of all our factory facilities, in 1970 we were using 78.2%. And 1970 was no accident. It's been dropping and averaging less as the years go by. We haven't broken 90% since 1955. Last year was even lower. And these are not my figures, I want to stress this. The President of the United States puts out a report every year which is called The President's Economic Report and in the back are pages and pages of charts on the health of the American economy and one of them every year is "Plant Utilization." That's where those figures come from. Now, what's our share in this? It's clear from up above that we have not kept up. And I want to make this point because it goes back to what I said, that at least under feudalism you understood when you were being robbed and how much they were robbing you. If the lord said you used to give me half your out-put and now you're going to give me 60% of it, you knew it and you knew it immediately. But the same thing's been happening to us and we don't recognize it. In 1948 it took 3 hours and 23 minutes. If you went to work at 7:00, at 10:23 you'd earned your wages and fringes for that day, the rest of the day you worked for the boss. By 1969 though, at 9:36 you'd earned your wages and fringes and the rest of the day you worked for the boss. What it means is that every year you lost 2 minutes of a work day, or out of every year's work every year You worked one day less in that year for yourself and one day more for the boss.

Our share; as workers, has been going down. It's not a fluke, it's not one year. You can take it out of the government statistics. You can trace it out year by year as your share gets smaller. And it's due to the fact that the productivity is increasing. I mention this because so much has been made of the fact that we are not productive, which is so much baloney. We're still the most productive nation in the world. And our productivity has continued to rise. Now, while we've been getting less of a share, their solution to the expansion of markets has been some of these other things- I have talked about which has resulted in lots more people going to work. For instance, in most families now, once the kids are over five years old, the tendency is that most mothers are leaving the school age children and going to work. There has been a large expansion of women workers because it now takes two people to handle the family budget. Now where have these people been going to work? In 1943 there were thirty and a half million people that produced things of value in this country for sale, either agricultural workers or factory workers, or utility, transport or miners. These are the industries that produce commodities. There are less people producing commodities now than there were in 1948 with a much bigger population. There's only twenty-seven million people producing commodities now. Well, people doing other kinds of work increased from thirty-two million to fifty-six million practically. So those who produced things of value, where we used to number about half the work force, we're down to one-third. One out of every two workers produced things of value before, now one out of every three does. Now I'm not bum-rapping everybody who went into other kinds of jobs. Some of them were very important. School teachers doubled and I would say education doubled. I think that you would find a big increase on the administrative end and not such a big increase in the classroom end. Everywhere it's the same. State and local government now as we did in 1943. Baloney! The military doubled their employed.

And we had a big increase in the number of people on welfare, because they can't get work. While I have to support welfare as a means from keeping people from starving to death, as a society, when we have to pay more and more people not to work, no modern society can indefinitely sustain that burden. It's a danger signal. It's not the fault of the people who are going on welfare; it's the fault of the society that finds no way to utilize them usefully. It's a real danger signal to the United States what's happening with the welfare roles bleeding us. And no solutions are being put forward that are going to get these folks to work without creating other kinds of problems. If you force the welfare mothers to work then you're going to put up more jails for their kids. I mean, you know that kind of solution we can't have. They're resisting. Nixon's vetoed the day care bill. That would help people get off of welfare and break out of the poverty cycle. Well, that's not being done. Too many people have a vested interest in the welfare system as it is. They're making money off of it. Plenty of middle class people, I might add, earn their living off of the welfare system, taking care of relief clients and everything else. And I don't think that too many people are interested in breaking away. Somebody else might lose their job. Neighborhood Youth Corps Program which is supposed to aid kids on poverty pay them a \$1.60 an hour to do work in the summer time. You must have that here in Gary. I saw more people whose kids were on that, that I know were making substantial livings, but it was a nice job for their kids in the summer when they couldn't find jobs anywhere else. But poverty families couldn't get their kids on that because they weren't connected. See, that's the kind of thing that's going on with the welfare system in this country.

Alright, next page: "Recent Job Losses in Manufacturing." We hit our last peak in employment in Sept., 1969 when there were practically 15 million workers in factories. I'm talking about production now, I'm not talking about non-production. I'm not talking about non-production. I'm not talking about

supervisors, engineers, research people, time-keepers, that kind. I'm talking about the people that actually work with their hands, the so-called blue collar workers. By August of 1971 production dropped 7% and it bottomed out. That's considered when the recession hit bottom. By then employment in factories had dropped almost 10%, 9.8%. Employment dropped more than production, another sign that productivity was continuing to go up even while there was a recession. And even though production picked up then, employment continued to drop. Employment was dropping in factories until last January. In fact, 1,644,000 factory workers lost their jobs since August-September of '69, and while we've picked up partly now, we're still nowhere near back to where we were in September of '69. Now this 4% increase in a year in productivity--and that's what it is for factory workers. See, they tell you that the average for the country is 3%, but they're putting in symphony orchestras and taxicab drivers, all kinds of other people when they figure productivity. They do that to get the figure lower, because for years in the labor movement the productivity increase was part of the wage increase and they wanted to use that 3%. They didn't want to use 4%. And for certain industries like auto, it's much higher, much higher, and in mining and a number of other places. In steel it's been low because steel didn't invest for a number of years in new equipment and let Europe get ahead of us--and Japan. But for industry as a whole 4% has been the figure. Well that means that 533,000 jobs are eliminated each year, roughly, due to 4% more efficiency. So if those people aren't going to get laid off, then there has got to be more production to keep them on the job. Now when you add that 533,000, plus the 1,624,000 that were laid off since September of '69, by next January from last January we would have to have another 2,157,000 jobs in manufacturing. That would have corresponded to an increase in production of 17% since last January. Just ain't going to happen, just ain't going to happen! So we're

going to wind up the new year again, with a much lower level of employment in manufacturing than we did before because of this over-capacity problem. In addition to which the RF of L-CIO estimates we are losing 180,000 jobs a year to plants that l&corporations put up with our money overseas and then shipped the stuff back here. So that's not a pretty picture. Alright, so that's one of the consequences--the job loss, the productivity growth, the decline in the share of the work day, the accumulation of people doing non-productive work in our society. These are all things that flow from the fact that there is over-capacity.

At the same time we keep going deeper and deeper in debt and most people don't realize this. In 1348 consumer debt was 14.4 billion, in other words what we have bought on time--this doesn't count houses, not counting mortgages--we're talking about cars, refrigerators, household finance loans, stuff like that. It amounted to every worker being in the hole five and a half weeks pay. It took everybody who was earning a wage or a salary. We owe on a national average five and a half weeks pay in debts. We now owe twelve weeks in debts. Just on consumer debts, just on consumer devts, what you've bought. Never mind what the government has bought and what industry has bought. The total debt of this country now, government, industry, and personal is such that it would take the country three years, if you took everybody's wages and salaries for three years, it would take that much to pay off. What we have is a debt of 2 trillion dollars, 2 trillion. That's a thousand billions, a trillion. We're three years in hock because we've been extending credit. Buy now, pay later, to stimulate a market and to keep unemployment and other things from getting too bad now. We tell people, borrow to keep things going now and as a result of that we are now three years in hock as a nation.

That being three years in hock generates an enormous amount of interest and that's what's the next figure. You say, OK, so I'm in debt, so what?

It's the interest that's killing us. In 1948, 11 billion was paid, out in interest; by 1970 this figure rose to 126.8 billion dollars paid in interest per year in this country by government, industry, and individuals. That's more than the profits of all the corporations in that year before taxes. We've gotten to the point that lending money is a bigger business than producing commodities. Now, that interest, we pay it off. We pay our own on what we buy. The manufacturer adds it to the price that he charges for his product, so we pay his interest and the government adds it to our taxes. That's what I said.. We get it as a producer, as a consumer, and as a taxpayer. We pay the whole damn thing. And I might point out that between taxes and interest, now approximately 60% of your pay check is going to pay either taxes of state. local or national government, or interest on the debt of this country. Now there's an interesting question, just how far can we go? Can we go to 75%? Can we go to 80%? At what point does this' process stop? That is why I started out by saying this country's in big trouble and getting into worse trouble because there's no end in sight to this.

As I said, the ruling class, since they control the country, control the tax laws. And if they're not paying taxes because of tax dodges, then we must pay them. I've made some figures down here at the bottom on which I'll close off, make a quick summary and then I'll be through. The biggest tax loop-hole in the country is what's called the depreciation allowance. This is an allowance for the machinery you bought, because it's going to get old and some day you'll have to replace it. Now that's a legitimate idea. And in 1947 corporations in this country set aside seventeen cents for every buck they made on pre-tax profits. They have set aside another seventeen cents to pay for equipment that was depreciating, getting old. Not unreasonable. And on that seventeen cents, since it was set aside as depreciation, they didn't pay tax to the government. OK, let's say that that was fair and

square in 1945. Because they've jimmied the tax laws and Nixon just gave them the biggest boost of all with that job development credit and some other things he did; in 1971 corporations set aside seventy-two cents in depreciation for every buck they made in pre-tax profits. That's baloney! They're not putting away that kind of money. They're not buying that kind of equipment. That is nothing but a tax dodge. And it puts money over here where it can't be taxed instead of over with the profits where it would be taxed. Now every US.President has contributed to this. This is a '71 figure, the '72 figures will be even higher because Nixon said whatever your depreciation schedule was, now you can speed it up by 20% Be didn't go to Congress or anything; he gave an Executive Order allowing them to do that and at the same time he said if you buy something new this year the first 7% of the purchase price you can take right off your taxes. Not as an additional 7% deduction, but take it off your taxes. It amounts to an even much larger giveaway. Well, the net result of this is, instead of paying 48% tax rate on corporate profits, the corporations of this country are only paying 30%. That's what they've managed to do by their jimmying of the tax laws. And if they're not paying it, then one of two things happens. Either the government runs in the hole and then has to borrow money on which interest must be paid, for which we pay the taxes, or they have to raise the taxes on us in order to pay for what the corporations are failing to do.

Which is more or less what's been going on. Now, in addition to these things. we have the whole question of welfare for the rich, the Lockheed and the Penn Central bailout, the farm subsidies to not plant for John Wayne, Senator Eastland, people like this. The payroll padding that's going on in the government --and just plain fraud. Yesterdays Chicago Sun-Times headline: "IRS Tells Shocking Fraud By Big Firms." They put one guy on to audit the account of General Motors every year. Can you imagine? One guy. That's

probably the biggest tax payer in the United States. One IRS agent reviews their books. Who are you kidding that one guy could do that and know what that company is cheating. You know, you'd have to be awfully naive to believe that they're handling anything that way. So much for the robbery.

The quality of life, I've referred to. Strikes in Gary, strikes in Chicago. People forced into the suburbs through their racist outlook frequently and fear of Blacks. But they go to the suburbs and then have to drive much longer to get into the city. The housing in the suburbs is frequently inferior to what they had in the city and more expensive. And you know, the whole quality of their lives really is going to wind up going down hill even though it looks better and greener the first couple of years they're out there. We're totally dependent on the automobiles in this county because of the lousy mass transit systems we have.

What really upsets me more than anything else is what's happening to our educational system. As a parent of teenage kids I'm perhaps more sensitive on this maybe than some other people are. But working class youth are always short-changed on education. They're not being taught to lead. Kids in the wealthy suburbs are taught to be arrogant, to demand what is theirs, because they're going to lead and they're going to rule. They're raised that way by their parents and the schools go with it. In our neighborhoods they've always been taught to follow and not to think. This has been the purpose of the educational system. At least they used to learn some things there that would do them some good in later life. But one of the things that's happened with our education in the process is the wealthy suburbs have been siphoning off more tax money and other public funds into their systems at the expense of the cities. This means in addition to all the problems the public schools in the big cities have always had they are now starved for funds. And this means that even some of the most fundamental things that the teachers in the

public school systems try to do they can't handle any more. They are baby-sitting and not even able frequently to do a very good job of that. We're turning out a generation of frustrated teachers, I suspect. I know we're turning out millions of kids that can hardly fill our application forms for jobs or do competent work in a factory. And this country is going to pay a heavy price for that before they're done. Now we're heading toward an open collision, in my opinion, between the ruling class in this country and the working people of America. The ruling class intends to maintain its profits and they've decided the only one way they can do that is by lowering our living standards. They'll take their chances on what that means. It means, from their point of view, they're going to engage in more repression and that's the meaning of the Supreme Court appointment. They will visit special misery on those least able to fight back, which means whatever they have done to the Blacks and other minorities in this country is nothing compared to what the future holds. In the meantime they are working on dividing and softening up the labor movement so that they can get more anti-labor legislation through, no-strike laws, labor courts, and all kinds of other things, in the hope that that way they can repress the inevitable rebellion that's going to take place. And I said rebellion, not revolution. I think that we're a long way from revolution in this country. I don't think we're a very long way from rebellion though, where the people are going to demand some change and fight back as they did once before in the thirties.

Now the ruling class always, if they can, makes us responsible for their problems. Phase II takes money out of our pockets and gives it back to the corporation. The Nixon theory, of course, in order to keep the birds from starving you feed the horses. The trickle down theory. Now that's their theory, that if business prospers so will the people. But business isn't going to do that anymore. They don't have those kind of reserves. They've got problems

of funds and finances; they see no need to build a lot more plants in this country because there's no market for it and they're moving out. I think that any careful analysis will show that more plants are shutting down in this country than are being opened. And when they do open one, something else goes down even heavier. We have the big Westinghouse turbines plant in Pennsylvania, right outside of Philadelphia. We have a blade shop there where the turbine blades were forged and machined. They are closing that department down--800 workers out of jobs. In Winston-Salem, N.C. there's a brand new blade shop at Westinghouse, non-union, 400 workers who will absorb in a modern plant the full facilities of what was being done in our plant in Philadelphia, Milwaukee, except for Allen-Bradley, Cutler Hammer, Square-D, Louis Allis, Allis-Chalmers, they all phased out all electrical manufacturing work in Milwaukee. Thousands of workers over a period of twenty years just cleaned out of their jobs, you know. Down south and overseas. I don't have to tell you the story, I'm sure you know it as well as I do if not better. The tax policy of the government encourages move-outs because of these tremendous allowances for buying new equipment and everything. So they've got a perfect excuse now and a financial incentive to close something down now and open it somewhere else, either overseas or down south or in a rural area. This is one of the ways that they're softening up the labor movement.

Now the ruling class is not unanimous in how to deal with their problems. Nixon and most Republicans are in the position that profits must be maintained, and to do this living standards must be lowered and repressive measures adopted to contain the rebellion. Around McGovern and some Democrats there is the point of view that you've got to raise the purchasing power of the people at the temporary expense of profits, if necessary. Make reforms and concessions and in that way delay or head-off rebellion. Now that's the difference between the two political parties. I'm for McGovern, but I have no illusions about

him. The election isn't going to settle the matter. Whichever way the election goes, It'll be easier for us if McGovern is elected, but he'll have one hell of a time with his own party. And there's no question, the Democratic party here has to go or has to be reformed on another basis. We are beyond the point any longer where we can have the hoodlums and the reformers in the same party, where the Blacks and the racists are in the same party. This is not a viable political instrument for us anymore and it's got to go or it's got to be changed radically. Now which is going to happen is open to question. But it's just got to happen. At this point there is no real vehicle for representing the interests of 95% of the American people. This process is going to take some time. And along the way we'll win some and we'll lose some of the battles that are going to go on.

But the future is going to be different, decided by the workers of this country. And it's going to be decided by organized workers in manufacturing, in transport, in public utilities, and the mining industries. It's not going to be decided by peripheral workers in service industries, in government, or anywhere else, because with all due respect to them, they don't produce wealth. The wealth is produced by the basic workers in manufacturing and they are the ones who have economic power. When they decide to act, then things will really begin to move. Now the problem has been they've been inactive for twenty years. My own view is that this is about to change. I've spent twenty-one years in the labor movement. I'm confident because I've seen it happen too many times. Workers act in their own self-interest when they understand what's going on. And when they're compelled to struggle they'll put up the fight. They won't be bought off anymore as they have. They were bought-off for a long while because the US. was "number 1" in the world, and shared a little at home to keep things quiet. But we're not "number 1" anymore. And that means that at home we're going to have a lot of problems. I don't accept

what many middle class people said about the workers, that they were greedy, that they were stupid, you know, because the workers didn't support the Peace Movement back a ways on Viet Nam. There was a time when it was a middle-class student movement. And many middle-class people were very critical of the labor movement and of workers. "What's the matter with you?" Well I might point out the campuses are mighty quiet this year. The campuses are quiet for a very simple reason: the students aren't being drafted to go to Viet Nam anymore. The students were up in arms because their immediate self-interest was challenged and they saw it and they were together in large groups and they could do something about it. And they rendered a real service to this country when they fought in their self-interest to stay out of Viet Nam. You know, I'm not critical of them for doing it, I admire them for doing it. But the fact is they acted out of self-interest. And the working class is going to act out of self interest also. People like the ones here that are interested and have been working in the labor movement, I'm sure, for many years, know there are a lot of things we can do. We can fight for a shorter work week, a more viable foreign policy for our country, tax reform. There are many things we can do and I'm sure all of us are going to play a role.