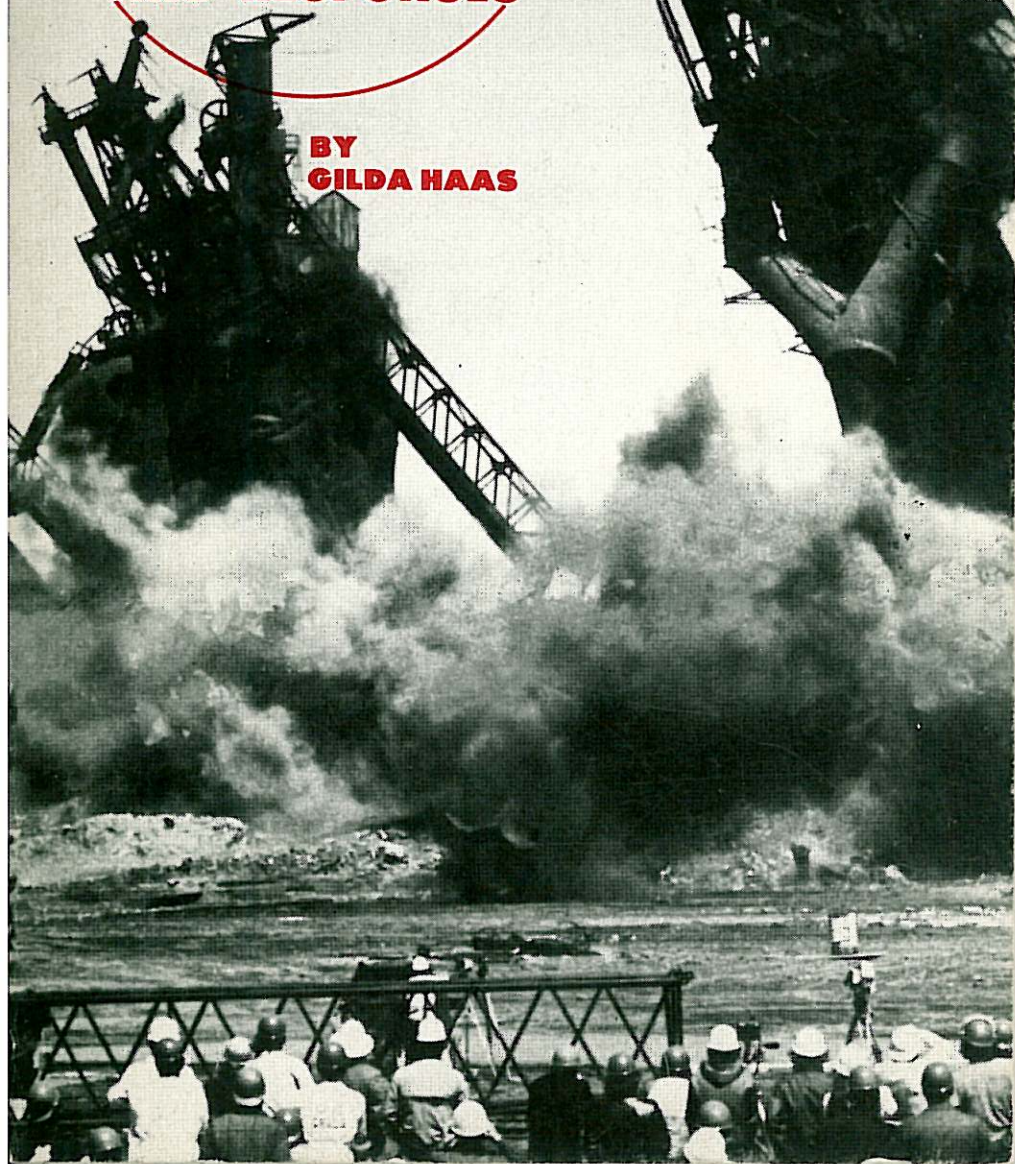


PLANT CLOSURES

MYTHS, REALITIES
AND RESPONSES

BY
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and late-1970s, compiled by Ira Magaziner and Robert Reich,⁵ the U.S. ranks:

- most unequal in distribution of wealth;
- last in social welfare expenditures as a percentage of Gross National Product;
- last in workers' average paid vacations;
- only country without national health insurance;
- highest infant mortality rate;
- last in percentage of unemployed workers covered by unemployment insurance and last in unemployment benefits as a percentage of average earnings;
- worst in air pollution;
- highest homicide rate.

Not surprisingly, the U.S. is also last when it comes to union membership as a percentage of total wage and salary earnings. In 1978, when Sweden, Belgium, West Germany and Britain had union memberships ranging from 83 percent to 55 percent, the U.S. rate was 21 percent.⁶ Today the U.S. rate is around 15 percent. It is precisely because wages and benefits are generally higher in unionized firms, and because unions are strong advocates of social welfare benefits, that Corporate America is so intent upon weakening trade unions even further. The corporate view is clearly stated in the box on page 16, with excerpts from a report by the highly respected Business International Corporation, written in 1980, before the Reagan round of government cutbacks, deregulation, union-busting and worker concessions.

Who Needs to Make Wage Concessions?

U.S.—Japanese Auto Industry

Company	Workers' Average Gross Earnings, 1982
Toyota	\$21,855
Nissan (Datsun)	\$21,647
Honda	\$20,010
General Motors	\$22,000-\$24,000

	CEO Compensation, 1983
American Motors	W. Paul Tippett, \$360,000 or 14 autoworkers
Chrysler	Lee Iacocca, \$475,000 or 18 auto workers
Ford	Philip Caldwell, \$1,400,000 or 52 autoworkers
General Motors	Roger B. Smith, \$1,490,000 or 56 autoworkers

TO KEEP THIS PLANT OPEN WE'RE ASKING ALL OF YOU TO DONATE A WEEK'S PAY!

WHY DON'T YOU DONATE A DAY'S PAY AND MAKE IT UP FOR ALL OF US.



Carol Simpson

Sources: Workers' Policy Project, *It's Time for Management Concessions*, New York, 1982; "Executive Compensation Scoreboards," *Business Week*, May 7, 1984; UAW International Research Department, Detroit.

MYTHS AND REALITIES

Between 1978 and 1982, 6.8 million manufacturing jobs were lost as a direct result of plant shutdowns in the United States.¹ One out of every three manufacturing jobs existing in 1978 had disappeared by 1982. The prevailing mythology tells us that workers have "priced themselves out" and that government has taxed and regulated business out of competition in the global market. The mythical solution is to get workers and government "off the backs" of business and let "free enterprise" reign with lower wages, lower taxes and little regulation.

"A key factor in today's unemployment is that many workers have priced themselves out of the global market."
Newsweek
 October 18, 1982



Blame It On Wages

Of all the common misconceptions about plant closures, none is more insidious than that which puts the blame on allegedly "overpaid" workers. Once a source of national pride, a middle income wage for blue collar work is now taken as a sign of greed and decadence. The image is that workers' wages have been rising steadily, giving U.S. business a disadvantage in international competition. In fact, real U.S. wages, adjusted for inflation, have *declined* significantly since their postwar peak in 1972. As the chart shows, there was a 16 percent fall in real wages between 1972 and 1982. According to The Institute for Labor Education and Research, "The country's gross national product (GNP) more than doubled during the 1970's, but the *standard of living provided by the average worker's earnings was lower in 1981 than it was in 1956.*" Corporate executives, meanwhile, fared much better: the average earnings in a sample of about 500 top corporate executives rose by 18 percent, accounting for inflation, between 1976 and 1979.²

In the auto industry, much has been made of the supposedly large difference in U.S. and Japanese wages—as if wages and not other factors, such as Japanese plant modernization and speed-up, were behind the lower cost of producing a standard automobile in Japan. In dollar