

Original

THE BUSINESS OF AMERICA...

Transcript of a 45-minute film, plus 15' "Update"
produced by California Newsreel.

For a copy of this film, a study guide
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(WESTERN PENNSYLVANIA, 1982)

MONSIGNOR CHARLES OWEN RICE: Almighty and most merciful God, I ask you to bless and assist our country and the industry in this area. We find that that in which we trusted is failing. We trusted in the smartness of our industrial leaders. We trusted in the great corporations. We trusted in money. We trusted in the power of steel. We couldn't imagine that there could ever be a day that they'd be closing steel mills and that they wouldn't need steel.

TITLE: THE BUSINESS OF AMERICA . . .

(Over the blowing up of U.S. Steel's blast furnaces at abandoned mill.)

NARRATOR: Here, in the steel-making valleys around Pittsburgh, in the auto plants of Detroit, and in smoke stack cites across America, our basic industries are in crisis. For generations, Americans have confidently relied on business to provide them with the highest standard of living on earth. Now, they have seen industry after industry decline. Steel workers in this region once looked to corporations like U.S. Steel for 160,000 of the best-paying blue collar jobs in America. Today, fewer than 60,000 of these jobs remain.

Among the thousands of unemployed steel workers here is Maureen Trout. She has been laid off for a year from her job at U.S. Steel's Homestead Works and has little chance of ever getting her job back. Maureen's husband, Paul, has worked for 26 years at Mesta, once a leading maker of steel mill equipment.

PAUL TROUT: I hear that instead of shutting them down in December, they've moved it up to October because they're out of money.

NARRATOR: Now, at age 53, Paul has learned that he, too, will lose his job.

PAUL TROUT: I'm a middle-aged man. No, I'm older--I'm past middle age, and I'm mad. You could call me a conservative. But when a conservative like myself is ready to get pretty violent towards upsetting the system as it is, you could see that I really believe that the government better do something.

MAUREEN TROUT: I believed in the American Dream. I really thought that as long as you were willing to work, that the

sky would be the limit. I mean, I didn't want anybody to give me anything for free, but I always figured that if I was willing to go out there and get it, it was there. But, it's not there anymore.

(UNEMPLOYED STEELWORKERS IN BAR.)

STEELWORKER #1: Last night I turned the 11:00 news on and I was sitting there watching it, all of a sudden it showed the high level bridge with a young man standing on the edge with his hands behind him. He was going to jump. What they said on the news was he's a 34-year-old laid-off steel worker who has run out of benefits.

STEELWORKER #2: Now you wonder why somebody wants to commit suicide, that's it. You let 'em go live a certain way for 30 years and then you pull the rug out from underneath 'em, and watch what happens to their mental, emotional, their whole life falls apart.

STEELWORKER #3: When I got a job here, I figured, like Mike said, I'm secure, okay. I have everything going for me. Now all of a sudden, man, I ain't got nothin'. I got nine weeks left, my house is up for sale. Nobody's buying. Nobody's got no money. And where am I going? Okay, what I am going to do?

MSGR. RICE: The average steel worker here truly believed in the American Dream. He would gripe, he would growl, but he learned to trust the companies and he certainly trusted the system that kept this going. You see, in the Vietnam War, these were the loyalest people. They gladly sent their sons. They said, my folks came over from the Old Country and they sought the good life, and by gosh, we found it here. And we love this country. They felt that these steel mills, these great fonts of capital in which they trusted would serve them well.

NARRATOR: Late in the last century, the American steel corporations built a mighty industrial complex here along the banks of the Monongahela, near Pittsburgh. Workers flocked from Eastern Europe and the rural south to find in these mills opportunities denied them at home. From these furnaces, steel workers rolled the rails and girders which spanned the continent and lifted up great cities. U.S. Steel became the nation's first billion dollar corporation. As the companies prospered, they reinvested their profits in ever more efficient equipment. This investment was a key ingredient to their success. By 1950, an American steel worker could produce five times as much steel in an hour as

he could in 1900. The American steel worker became the most productive on earth. But while productivity increased, steel workers' wages remained low and working conditions hazardous. For 50 years, steel workers and their unions battled the companies. In time, they won the eight-hour day, health benefits, and among the highest industrial wages in the world.

MSGR. RICE: Gradually here, as the union contracts improved and as work continued, the standard of living became very high. A steel worker, an ordinary steel worker, became a man who lived rather well. He felt that the man at the top was doing his business, and they felt in the matter of investment that the corporations knew what they were doing and management had its role and the worker had his role.

NARRATOR: During the affluent post-War years, working Americans came to assume that private corporations could always be trusted to make the investments they depended on for jobs and prosperity.

(NATIONAL ASSOCIATION OF MANUFACTURER'S FILM -
CIRCA 1953)

NAM NARRATOR: Industry On Parade, produced on film each week by the National Association of Manufacturers.

TITLE: "AMERICAN INDUSTRY - BUILDER OF
A BETTER TOMORROW"

NAM NARRATOR: There has never been anything like the America of today, a nation so productive that the typical worker's family is able to afford conveniences and luxuries available only to the privileged few elsewhere.

And what of the future? By the time the family automobile can be fitted with detachable wings, a time that may be closer than we think, it's possible that the average American's income could rise by fifty percent. That's actually the prediction for the next ten years. And there's every reason in the world to believe it will come true if we can hold in check threats to the profits on which industry depends for growth.

(UNION FOOD BANK FOR UNEMPLOYED STEELWORKERS.)

STEELWORKER #1: I think the American Dream is kind of a little cloudy.

STEELWORKER #2: All the American Dream is to me is make living, have a good family, live a decent life.

YOUNG WOMAN WITH CHILD: It's being shattered now. I'm just afraid that we won't be able to manage and, you know, I'm concerned about our children.

FOOD DISTRIBUTION WORKER: Print your name up there and sign your name on the bottom. Do you have a blue card, sir?

MAUREEN TROUT: I never thought I'd see the day when our steel workers would be standing in line. I mean, we've always worked here. As long as there's jobs, we worked them.

NARRATOR: How did America's once-powerful steel industry decline until today it can offer jobs for only a fraction of its former workforce? After World War II, American companies were so efficient they could pay the world's highest wages and still make the lowest cost steel. But since they dominated the world market and were making record profits, they saw little reason to make major investments in new technologies. Meanwhile, foreign steel makers were rebuilding their mills using the more efficient technological breakthroughs American companies ignored, breakthroughs which were revolutionizing steel making. In the mid-50s, an American steel worker could produce more than three times as much steel in an hour as his Japanese counterpart. By the mid-70s, Japanese productivity had surpassed us. We had lost our technological lead and lower cost imported steel captured up to 23 percent of the domestic market. Today, American basic steel averages the oldest equipment of any industrialized nation on earth.

RON WEISON, PRESIDENT USW LOCAL 1397: Over here at Homestead, we're using a band-aid approach to everything. It seems like the welders and the baling wire is holding everything together.

JACK BAIR, GRIEVANCEMAN, USW LOCAL 1397: Out of an eight hour turn we can produce steel for five and the rest of time we're screwing around trying to repair the old antiquated equipment, to keep it running. We cannot be expected to take and compete with them when they have the modern methods and the modern equipment.

STEELWORKER #1: The physical facilities at the plant were crumbling to such an extent that we was arguing with the

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STEELWORKER #1: The physical facilities at the plant were crumbling to such an extent that we was arguing with the

company, why don't you fix this and why don't you fix that because it's costing you money. The steam leaks and electric cords and buildings were leaking and everything, you know. We were negotiating with the company to try to get their facilities fixed.

STEELWORKER #2: I think really the steel industry was on the decline about 10 years ago. People just didn't want to believe it. You know? They never did anything to rebuild the place, they never made any effort to find other companies to get the materials from. They just didn't care.

JACK BAIR: What they're really doing, they're running it like an old car. They're going to keep it going, they're not going to put new tires on it, and when it quits, they're going to abandon it.

TELEVISION REPORTER: And now, a Steel City News special report. The mills from Pittsburgh to Gary, Indiana, are suffering from old age. The only way to compete with foreign producers is to modernize these facilities. Are the steel companies to blame for a less-than-adequate modernization program?

DAVID RODERICK, CHAIRMAN U. S. STEEL: This industry, through inadequate depreciation, outdated tax laws, low profit margins, environmental requirements, massive environmental requirements, has not had the funds it's needed to modernize as quickly as we would like to. But it's going to take improved profitability, it's going to take improved tax laws, and without those things in place, we should have no illusion that it isn't lack of desire to do those things, it's just plain lack of financial ability to do them.

NARRATOR: During the 70s, as American industry declines, business launched a multi-million dollar media campaign, claiming that government spending regulation had deprived them of the profits they needed to modernize.

(U.S. CHAMBER OF COMMERCE FILM)

CHAMBER OF COMMERCE NARRATOR: What can be done to repair the strength of the nation's economy and restore individual freedom?

"GEORGE WASHINGTON": We must institute sensible new tax policies that relieve the burden on all Americans, that encourage individual savings and investment, increase the formation of capital and stimulate the growth of the economy.

"ALEXANDER HAMILTON": We must eliminate unnecessary regulations on businesses and individuals that stifle initiative, lower productivity, increase costs to consumers, and impede economic growth.

"BENJAMIN FRANKLIN": This is what freedom is all about. It is a spirit all Americans must get back again.

"FOUNDING FATHERS" SING: Let's get it back, America, the spirit that we knew, the pride of self-achievement, the voice that says "can do". Let's shout it out, America --

RONALD REAGAN (IN CAMPAIGN COMMERCIAL): If we make it profitable for industry to grow, industry will have every reason to want to grow, and economic growth is the key to the creation of new jobs. My plan will give businesses tax incentives that result in plant expansion, greater output and more jobs. It'll remove regulations that shoot up the cost of doing business. Strong creative leadership can restore America as the mightiest industrial nation on earth.

CAMPAIGN COMMERCIAL ANNOUNCER: The time is now for Reagan!

PAUL TROUT: One of the reasons that I voted for Reagan is because he promised to get this country going again. Now, I always believed that what was good for General Motors or what was good for U.S. Steel or Mesta was good for me because as long as they're in business, I'll be workin'. Like it's every man, if he works hard is going to be all right. You don't have to look to big government to help keep you--just go work, and I've always believed that idea, and that's why I voted for the guy and I thought that's what he was gonna do.

NARRATOR: The Reagan program reasserted Americans' traditional belief that increased profits would trickle down to the rest of society in the form of new investment. It slashed government social programs like food stamps, education and health care. At the same time, it gave corporations and wealthy investors over \$50 billion each year in tax breaks, which would create jobs and modernize aging plants like Homestead.

RON WEISON, PRESIDENT USW LOCAL 1397: They were supposed to spend the money for a lot of modernization.

REPORTER: Do you see any of it?

RON WEISON: I haven't seen it yet.

NARRATOR: Months after passage of President Reagan's Economic Recovery Act, steel workers had only seen more plant closings and layoffs. Maureen Trout's union local took U.S. Steel to court. They wanted to find out if the company intended to use its savings to replace Homestead's antiquated open hearth furnaces. They got their answer that same day.

WEISON, ON PHONE TO U.S. STEEL OFFICIAL: I wasn't told, nobody told me nothin'. . . You did the same thing when the 48 shut down. You released it to the news media two hours earlier and then you called us in to bullshit us. . . I have a beeper like the management stooges, you know that. You could get in touch with me. . . That U.S. Steel is some goddamn corporation, I'll tell ya. . . Well, you know, we're not going to lay over and play dead. We never do. We might take over the U.S. Steel building. . . Hey, I got 2,500 unemployed steel workers, you know.

STAUGHTON LYND, LAWYER FOR USW LOCAL 1397: In an hour and forty-five minutes, the largest and most historic steel mill in the Pittsburgh area is going to pour its last feet of steel. I think that's a tragedy.

RON WEISON: Well, I'm totally disappointed. I tried to get a stay for our membership. I know what they'll feel like because they're out of work and jobs are hard to come by once you've put 20 to 30 to 35 years in that open hearth, and it is hard work and this company just disregards you.

REPORTER: The union is saying that the company is getting out of the steel business as far as Homestead is concerned. Do you think that is the case?

BLAIR MacMILLAN, U.S. STEEL'S LAWYER: I don't think that's indicated at all.

REPORTER: Do you care to elaborate further?

MacMILLAN: No.

T.V. ANCHORMAN (6 MONTHS EARLIER): The corporate world and Wall Street are abuzz tonight in the wake of one of the biggest business stories to come out of Pittsburgh in a long time. United States Steel Corporation today offered to buy the Marathon Oil Company for \$6.6 billion. It would be the second biggest merger in corporate history.

STEELWORKER #1: When Ronald Reagan got elected president, U.S. Steel told him, they says, Hey look, we're in trouble, we need money, we need capital to modernize our mills. Once we modernize our mills, we'll be competitive. Reagan passed

a law called the Economic Recovery Tax Act which saved U.S. Steel an annual increase in their capital of one-half billion dollars. All of this was done under the auspices that this money would go into modernization. And what did U.S. Steel do? They bought Marathon Oil.

MAUREEN TROUT: And shut our open hearth and our blast furnace down here at Homestead.

STEELWORKER #2: They make money. They're happy to make money.

MAUREEN TROUT: You're in business to make money, but what is a fair profit? I mean, just exactly how much profit do they have to have in order for us to stay open?

STEELWORKER #3: As much as they can get.

MAUREEN TROUT: Corporate greed, that's what our problem is.

NARRATOR: Three years after Reagan's election, steel industry employment had fallen nearly an additional forty-one percent. Despite a decade of concessions from both Republican and Democratic administrations--import controls, tax cuts, environmental deregulation--the steel corporations were actually investing less than half in 1982 what they had in 1968.

DAVID HEALY, STOCK ANALYST, DREXEL, BURNHAM, LAMBERT: If I, as a steel analyst, saw that U.S. Steel was committing billions of dollars to either modernize its old plants in the Northeast, or to spend a similar amount of money developing a brand new steel mill, and I think I would recommend that our clients sell the stocks and the bonds of the steel company. When you're comparing a five percent return in the steel business with perhaps fourteen percent that you could earn by investing in the average manufacturing company in the United States, it just doesn't make any sense to pour money into the steel business.

NARRATOR: U.S. Steel has responded to the demands of Wall Street by shifting its investments from steel to other more profitable industries. When plastics were booming, it bought plastics and petrochemical companies. During the real estate boom, the company bought interests in the nation's second-largest shopping mall near Homestead, and a hotel at Disneyworld. Now, after the purchase of Marathon Oil, U.S. Steel has less than 25 percent of its assets remaining in the steel business.

U.S. STEEL CHAIRMAN DAVID RODERICK: Investment dollars, as I keep pointing out, over time, are only going to go to those investments that the shareholder can have a reasonable expectation of a fair return, which means they're going to capital starve the marginal businesses and they're going to flow capital to those businesses that are attractive and offer a long-term return to the shareholder. The system works like that under a free enterprise society, it is always going to work like that, and it's the best by far compared to any other options anywhere in the world.

RON WEISON, PRESIDENT U.S.W LOCAL 1397: Well, we've watched what's going on over the years. They never put no money into our plants. We're still the most profitable steel industry in the world. We made 6.7 percent return on our dollar, where Japan only made 1.6. But when you can make 23 percent in real estate, chemicals, transportation, now, probably Marathon Oil, naturally you're going to get out of the steel industry. But we say they have a moral obligation to the goddamn steel workers. They made their money off the steel workers' back.

DAVID RODERICK: Many people don't fully appreciate that the primary role and the duty I think of management really is to make money. And in our case, our primary objective is not to make steel, it's to make steel profitably.

NARRATOR: U.S. Steel celebrated the opening of a new high-rise office venture in downtown Pittsburgh within weeks of closing its Homestead open hearths.

CHARLES HORNE, PRESIDENT OF U.S. STEEL REALTY, ADDRESSING CROWD: This is a great day for U.S. Steel and its various divisions with roles in this project. Its the newest element of the steel plaza where work will continue for another decade.

NARRATOR: Some business analysts argue that such projects indicate a fundamental reorientation of American corporations, from manufacturing enterprises to financial conglomerates. These critics charge that American managers have become paper entrepreneurs. In 1982 alone, U.S. corporations spent more money buying each other than in net new manufacturing investments, more money suing each other than in basic research.

PROF. ROBERT HAYES, HARVARD BUSINESS SCHOOL: Managers who see their role as not one of building a company or building a market position, making a commitment to a particular

industry, such a manager becomes somebody who in some remote office, is essentially moving financial assets around on a financial chessboard. One European businessman told me that American companies in his industry really didn't compete like companies, they competed like banks, that they were just essentially interested in buying and selling companies, not interested in producing and selling products.

PROF. ROBERT LEKACHMAN, CITY UNIVERSITY OF NEW YORK:
American business has turned away from making useful products and useful services to essentially focusing on very short-term financial results. They see more opportunities in tax dodges, in mergers, than they do in the painfully slow process of developing new products, new ways of actually producing goods.

NARRATOR: By concentrating on short-term profits, other American industries, auto, for example, have also fallen behind in the long-term development of technology and manufacturing skill. For years, American auto makers only make superficial modeling changes to their large luxury cars. They failed to invest in the fuel-efficient small car technologies the Japanese were perfecting. And now, even America's high tech industry, like steel, auto and consumer electronics before it, is being starved of the long-term investments it needs to compete.

PROF. ROBERT HAYES: We have become so concerned with financial measures and financial evaluations that we are neglecting the basic underpinnings of our future success. Investment is essentially a self-fulfilling prophecy. If you don't believe a future exists, a good future exists, and therefore don't invest for it, there will be no future.

NARRATOR: The American economy can no longer offer the high productivity, high wage jobs that were the basis for the American Dream. A recent U.S. Labor Department study reveals that our traditional middle class of well-off blue collar workers is shrinking. It is being replaced by poorly paid clericals, service workers, and the growing ranks of the permanently unemployed. Over the last decade, the average real wage of working Americans has actually dropped by 16 percent, and our per capita income, for years the highest in the world, has fallen to tenth today.

PROF. ROBERT LEKACHMAN: We have so long, so fervently believed in business, that the business of America is business as Calvin Coolidge said, and that the pursuit of profits somehow works out for the public good. In fact, what we're getting now is investment which rewards stockholders and senior executives and devastates the communities in which corporations operate.

STEELWORKER #1: U.S. Steel is getting out of the steel business and they're getting out of this community. They've raped it and they've soaked it, and they're saying goodbye, we've had enough, there's no more left, we've squeezed the grape, we're going on to greener pastures. What we're saying is over our dead bodies!

STEELWORKER #2: We know how to make steel. We've always made steel, and if they want to move out on us, then we'll make it ourselves.

MAUREEN TROUT: That's right, we'll make the steel. We are United States Steel! They're not making the steel, we are.

STEELWORKER #2: They pass papers around, we actually make the steel and we know how to do it.

NARRATOR: In 1979, steel workers first demanded a voice in how their companies were run. When U.S. Steel announced that as part of its restructuring, it would lay off a further 13,000 nationwide, angry steel workers stormed corporate headquarters. They trapped executives in their offices and challenged management's right to invest as they saw fit.

ANGRY STEELWORKER #1: They have the nerve to say, we don't need you anymore. Well, we need our jobs, and we want the U.S. Steel Corporation to spend a few dollars out of the millions and millions that we made for them, to spend it in their communities that we're from.

MARVIN WEINSTOCK, USW OFFICIAL: There's no way an American steel worker can take an old mill and be productive. They have to put the money that they made in those mills back into those mills, right in the cities where we build our homes, where we build our churches and our schools.

ANGRY STEELWORKER #2: Maybe if the workers started taking over the plants they'd come down and talk to us.

REPORTER: Are you advocating that?

STEELWORKER #2: You heard me!

SPEAKER ADDRESSING DEMONSTRATION IN U.S. STEEL BUILDING: This has to be the first step of a series of peaceful but firm and growing larger moves by steel workers and anyone else who cares, not just in Youngstown, not just in Pittsburgh, but all over America.

PAUL TROUT: In the last year, I've come to reexamine my thinking, and in order to survive people are going to have to relook over ideas that have failed and start taking new initiatives for themselves. That's it.

MAUREEN TROUT: I think we're very complacent. It's been too easy to pack your lunch box at night, go down to Mesta or United States Steel, put in your eight hours and come home and never think about it again. We have start doing something for ourselves. We have to get totally involved with the running of companies now. I mean, it's going to take a long time, it's not going to be done overnight. But I think now is the time to start.

REV. CHARLES RAWLINGS, ADDRESSING TRI-STATE CONFERENCE ON STEEL: We have to abandon the 200-year-old American Dream that somehow or other the exercise of selfishness in the form of profit-making accrues to the benefit of our children and our grandchildren. We've got to kick the habit of thinking that's the way it works. How do we plan for a different alternative? Something that takes into the account the long-range needs not only for all of us in here today, but for our children and our grandchildren.

NARRATOR: Pittsburgh area steel workers, including Paul and Maureen Trout, met in workshops of the conference to explore grassroots alternatives to corporations' traditional control over investment.

WORKSHOP PARTICIPANT #1: -- is to sell the assets for \$300 million plus the unfunded pension liability.

WORKSHIP PARTICIPANT #2: It's going to be hard to change this into some other kind of specialty steel, and still have the workers be able to afford to buy it.

WORKSHOP PARTICIPANT #3: Let me say that if there is one source of power that the workers need in this country, it's ownership of productive facilities on a democratic basis.

STAUGHTON LYND: As long as you could assume the mill was going to be there forever, anyone who raised a question about investment decisions was some kind of crazy radical. Now that the investment decisions are taking the mills away, all of a sudden people are interested in all kinds of new ideas. Now we are, along with lots of other workers and community people across the country, groping our way into that area.

(YOUNGSTOWN, OHIO - 1978)

CLERGYMAN AT PRESS CONFERENCE: We propose to every citizen in the valley that the American Dream be put to work in a fresh way. That dream, we believe, is about freedom from want, it is about self-help, it is about cooperation, it is about viable democracy.

NARRATOR: Faced with the closure of Youngstown's largest mill and the the layoff of 5,000 workers, a coalition of church, labor, and community groups formed to buy the mill and run it themselves.

CLERGYMAN #2, ADDRESSING MEETING: . . . a new form of community-owned and operated steel plant.

NARRATOR: But in the face of steel industry opposition, the government denied them the loan guarantees needed to purchase the mill and the plan failed.

(WEIRTON, WEST VIRGINIA - 1982)

NARRATOR: But four years later, when another major steel maker, National Steel, revealed it would make no further investments in its Weirton Works, the 8,000 steel workers there were able to buy the mill. They agreed to wage cuts to repay the necessary bank loans and launched a billion-dollar ten-year modernization program. Auto workers in New Jersey, meat packers in Iowa, employees of the nation's fastest-growing airline, even workers in California's Silicon Valley are among the owners of thousands of American companies. As worker-owners, they can take responsibility for seeing that adequate investment is made for the future of their jobs.

(POMPANO BEACH, FLORIDA - 1982)

NARRATOR: A construction workers' union in Florida is pioneering a different approach. They have invested their \$200 million pension fund in mortgages for the troubled local housing industry. They have been able both to create jobs for unemployed union members and badly needed affordable housing for their communities. Worker pension funds, now approaching a trillion dollars, are one way unions can go beyond their traditional wage and benefit demands and take the initiative in generating employment for their members.

(OHIO - 1977 . . .)

NARRATOR: The State of Ohio is looking at public investment as yet another strategy for stimulating new job-producing industries. It has developed a plan for a publicly-financed high speed rail system linking the state's major cities. Patterned after European and Japanese models, the bullet train plan would create up to 50,000 jobs for Ohio's many unemployed blue collar workers and provide \$6.6 billion in new orders for the state's ailing economy. The plan does not simply try to prop up aging industries like steel, but to convert these industries to new technologically advanced products which will provide jobs in the years ahead.

Worker ownership, pension funds, public investment are at best stop-gap answers to the nation's economic problems. They can only succeed if they lead to more fundamental changes in our economic institutions and priorities.

MSGR. RICE: We have to look at the power of money and where it goes. We have to look at who has the right to say where will we invest and we cannot say let U.S. Steel do what it wants with its profit as long as it makes money. We can no longer say, follow the dollar and follow profit, and all will be well.

STAUGHTON LYND: We said in the early 60s, people have to take part in the decisions which affect their lives, and we said that first about the right to vote in the South. And then we said that about the right to have a war declared over our heads, not by Congress which had nothing to do with it, but by the President. And now we're having to address ourselves to these decision-makers, whoever they are, in remote corporate board rooms and the offices of investment banks, which make and break the Youngstowns and the Homesteads of this world between coffee and martinis.

(RALLY FOR JOBS, PITTSBURGH, MAY 1982)

MAUREEN TROUT: Right now, one person standing by theirselves can't accomplish anything. I mean, you need numbers to do anything. And maybe somebody's going to start listening us.

MAUREEN TROUT, PETITIONING CROWD: -- It's a good opportunity for all of us to have our voices heard.

I've never been involved in anything other than a brownie leader in my life. Sometimes I'm surprised at some of things that I do.

If somebody would have told me three years ago that I'd be here in downtown Pittsburgh at a rally, I would have told them they were crazy. There's a nice crowd out here today. It's about time we all started stickin' together.

CROWD SINGS: This land is your land, this land is my land. Even if you don't own land, even if you can't buy land. It ain't U.S. Steel land, God damn it's my land --

NARRATOR: Working Americans are just beginning to search for their own answers to our industrial decline. More and more, they are refusing to place their economic destinies solely in the hands of private corporations. They're seeking ways to gain real power over industrial change to make the business of America the business of every American.

CROWD SINGS: -- this land was made for you and me.

MAUREEN TROUT: All I know is the way they run the country and our economy isn't working for us anymore. And it's not just the people who run the corporations, it's the little people, too. Nobody cares about anybody else except themselves anymore. There has to be a new way and I think we're just going to have to put our heads together and find it.

UPDATE - The Business of America . . .

NARRATOR: Twelve months after this film was completed the country appeared to be recovering from the worst economic crisis since the Depression. We returned to the steel valley to see if the situation there had changed and to prepare this special report.

Like so many others here, Paul and Maureen Trout have been left out of the current recovery. After two years Maureen found a minimum wage job as a clerk in an all-night grocery. Paul's company, Mesta, did in fact go bankrupt early last year. He now works as a night watchman in a convalescent home also near minimum wage.

Here at the Homestead Mill employment has fallen even further to a low of 2,000 from its post-war peak of 15,000 and in the Tri-State region around Pittsburgh 70,000 people were running out of their unemployment benefits each month.

Those steelworkers still on the job have seen a dramatic drop in their wages. For years their union was content to negotiate ever-larger wages. They weren't farsighted enough to see that wages couldn't rise forever if the companies weren't making corresponding investments to improve productivity. Finally, in 1983, steelworkers had little choice but to give wage cuts of \$250.00 a month each, a total of 3 billion dollars in the hope that the industry would increase its investment and modernize the mill.

By year's end any expectation that these concessions to the company would save their jobs was shattered. Just two days after Christmas, U.S. Steel announced closures affecting 20 plants nationwide. Fifteen thousand more people would lose their jobs, a lay-off even more devastating than the record shut-downs of 1979.

U.S. Steel's decision was the combination of an industry-wide strategy which became increasingly clear this past year. The companies were concentrating operations in only the most profitable plants and products, abandoning the rest of the market to foreign and domestic mimi-mills. For example, National Steel, former owner of the Weirton works,

is trying to get out of the steel business entirely. They have been looking for a buyer for their remaining mill.

Several companies have even been negotiating to import more steel from overseas, and on the day the steelworkers announced their wage concessions, U.S. Steel's American Bridge Division revealed that for construction of the West Coast's tallest skyscraper it would import steel from Korea. This increasing trend toward consolidation and the elimination of less competitive operation is expected to restore the industry's profitability but it also means the inevitable loss of more steelworkers' jobs.

Throughout American industry, corporate profits are again reaching pre-recession levels, but there is evidence that beneath the surface indicators of recovery the long-term structural problems of the economy have not been resolved. Never before has unemployment remained so high during an economic upturn. And many economists are concerned that corporate spending is largely being directed to short-term investments and labor-displacing technologies which can improve profits and productivity but won't create new jobs.

Steelworkers around Pittsburgh have been faced with the realization that even a sustained economic recovery will never restore their region as a vital industrial center. As a result, the Tri-State Conference on Steel has intensified its efforts to develop an alternative to corporate control of investment and job creation. At the end of October 1983, we filmed a modest but landmark meeting of steelworkers, union officials, local community activists, industrial engineers and academics convened in the U.S.W. Local 1397 union hall. Never before had American workers sat down to plan for themselves the future development of their local economy.

MAUREEN TROUT: Steelworkers for the first time are taking an active part in what is happening to their future. We're robots no longer; we're thinking for ourselves and we're acting for ourselves. It's been needed for a long time.

HARLEY SHAIKEN, M.I.T.: I think all too often in the past when industrial restructuring has occurred, when an industry has declined and people have been unemployed it's been viewed as a force of nature. All you can do is stand back or at best get out of the way as an individual. What's happening here today is that people are saying, "Wait a minute! This isn't a force of nature. This is a product of human decisions and perhaps there are alternatives - and

might those alternatives be on the one hand and on the other hand how do you implement these alternatives?" It's a pretty serious discussion and I think it really represents a very important new step.

UNEMPLOYED WORKER: I think that it's very important when we start arguing these sorts of programs that we have to argue it from a different perspective . . .

NARRATOR: Conference participants claim that in contrast to the single-minded focus on profits by U.S. Steel executives headquartered just a few miles away in downtown Pittsburgh, their priority was the creation of jobs and productive opportunities for their communities.

As a first step in developing their regional strategy the Tri-State Conference prepared a resource inventory. They identified six local industrial strengths: a location central to America's most popular sector; eight million tons of steel capacity that could still be modernized; one hundred billion tons of untapped coal reserves; first-rate metallurgical and robotics research facilities; the nation's leading railway equipment industry; and a highly skilled workforce.

HARLEY SHAIKEN: What is the inventory of existing skills here? It's one thing to talk about 28,000 people formerly working in the industry and now there's only 8,000 and in social terms that's absolute chaos and devastation. But on another level that's an extraordinary resource. There are 20,000 people, many of whom are highly skilled, all of whom have good industrial experience, that provide the basis for doing something really extraordinary in this area.

NARRATOR: The Conference proceeded to determine how these regional resources could be matched with emerging economic needs. Their discussions focused not simply on restoring the old steel plants but on converting existing skills and facilities to new growth industries as well. They identified two promising areas for economic growth: energy industries and transportation infra-structure.

It was pointed out that the Northeast, once energy self-sufficient, had become dependent on expensive imported oil and unreliable nuclear power. Why couldn't the area's metalworking and research skills be combined to construct new power plants that would burn the region's abundant coal? Non-polluting technologies have already been developed by local firms that would make coal-fired power plants an attractive alternative energy source. This would also

generate jobs in related industries: automated coal-extraction equipment, coal slurries and other transport systems, energy-efficient cogeneration equipment and district-wide heating systems which are especially appropriate technologies for the area's large factories and densely populated cities.

MAN IN WORKSHOP: It's important for us to begin building or to build . . .

NARRATOR: Another proposal would link the renovation of Pittsburgh's steel plants with the rebuilding of America's crumbling infra-structure. For example, one recent government study found that nearly 240,000 of the nation's bridges were in need of repair. Why couldn't local steel plants be modernized in order to provide the structural and plate steel for a reconstruction of our railways, bridges, highways and ports?

MARK GREEN, DEMOCRACY PROJECT: There's a happy marriage now today between the need to build up our roads and bridges and mass transit with people who can rebuild them so it's both humane to give people back their jobs in the Tri-State Region and it's damn efficient for America.

NARRATOR: Conference participants knew that these ambitious plans, estimated to cost 20 billion dollars over ten years, would never happen without a drastic rethinking of government spending policies. But one local consulting group had drawn up a social balance sheet that showed unemployment, welfare payments, lost tax revenues and lost production were already costing government 20 billion dollars each year in the Western Pennsylvania, Eastern Ohio, West Virginia Tri-State Region.

YOUNG MAN IN WORKSHOP: The economic rationale, at least to make the appeal in the market-based allocation - the capitalist market - is already there. And Dr. Page points out the most common sense thing is, do you want to spend 20 billion to pay the unemployed people not to work or do you want to spend 20 billion dollars so that they can work and make a profit and do something productive?

NARRATOR: Others pointed to the Reagan tax cut as a potential source of funding. Over 50 billion dollars a year had been given to business and wealthy investors to reindustrialize the country. Wouldn't it make more sense if the same tax dollars were instead channeled directly to finance job-creating projects like the Tri-State proposal?

The country's growing military budget also came under scrutiny.

MARK GREEN: And it inevitably comes back to this in a country with scarce capital - is the cost increasingly of our military budget. And so this kind of zero-sum game of saying, "We can't go forward with your economic reindustrialization so long as we have a military build-up" forces people who want to think about reindustrialization to face the fact of a ballooning military budget.

NARRATOR: Cutbacks in the rapidly swelling military budget could provide billions to recapitalize the economy. For example, in just six months cost overruns in the Pentagon weapons system totaled 47 billion dollars, more than twice the cost of the Tri-State's program.

OLDER WORKER: I think it's going to take an educational effort, but I think a policy like this, in the long run, the American public - and I'm not talking about the regional public here - the American public could see some hope.

STANLEY ARONOWITZ, C.U.N.Y.: A program is not merely a set of proposals and not even a set of answers. It's also a mechanism for continuing to ask questions.

MAN IN WORKSHOP: How do we build a national consensus for regional development? It seems to me we look at what kind of an economy we want, what kind of a country we want. How do people want to live in this country?

SPEAKER: The real struggle for the survival of the American way of life, our living standards and our political liberties is not being waged in Grenada or Lebanon. It's being waged in the banks of the Monongahela.

MARK GREEN: In the past, a lot of people have been politically active and economically passive, because they assumed that the companies they work for will endure forever and will take care of them. And what's happened in Pittsburgh, as a lot of people have found out, is that the future will run over you if you don't run it.

STANLEY ARONOWITZ: The old concept of investment was that the worker worries about house and family, the kid's education, and the company worries about investment. Investment was considered the private business of management. It was the private life of management if you want to put it that way. Now they are saying that investment should be part of public life. Investment is a social, public concern.

NARRATOR: Most mainstream economists reject the idea of socially-directed investment in favor of what they argue are more efficient market mechanisms. But participants in the Tri-State Conference believe they are beginning a long process which will eventually give them more effective control over industrial change.

HARLEY SHAIKEN: I think this whole Mon Valley approach is very exciting. It's exciting not because it's a blueprint. It's not - but because it's a starting point for people here who have been very negatively affected by forces outside their control, seeking to gain some control over their lives. They are seeking to produce a program and an approach that would utilize existing resources of the Mon Valley - the human resources, the skills, the talent, the initiative of the people who live here, the infrastructure that is here - in order to produce things that are going to be valuable not only for this region, but for the economy as a whole.