

The State of American Workers

by
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The leaders of the AFL-CIO have accused companies of inadequately sharing profits with the workers who help produce them. They cite corporate greed and attack management philosophies. AFL-CIO President John Sweeney writes in his book "America Needs a Raise" that "the greed and gaudiness of the wealthy, and the distorted values of the winner-take-all workplace, contribute to our sense that society is coming apart at the seams."

Fidel Castro would wholeheartedly agree. Unfortunately Mr. Sweeney and his socialistic doctrine fails to address the true dilemma American workers face.

Here are example of the real problem: A few years ago, Sears announced it was cutting 50,000 jobs. Its stock price climbed 4%. The day Xerox said it would eliminate 10,000 jobs, its stock surged 7%. In 1995, Mobil Oil's stock price rose 4.1% after its announcement that it would layoff 4,700 people despite record profits that year.

If Sears and Xerox were sole proprietors named Carnegie or Rockefeller, there would be a backlash that would shake the moral fiber of all but the most ardent capitalistic Americans. However the owners of these corporations on the day jobs were slashed were ordinary Americans. It was little Molly who got 10 shares from her Grandma at Christmas.

It was Mary the school teacher who had 80 shares in her 401 K plan. It was Merrill Lynch, whose computers automatically executed a buy of 60,000 shares. Mary, Molly and a computer at Merrill Lynch rewarded corporations for their cutback initiatives.

In each stock purchase cited above, the stock was purchased because the rate of return was deemed very good. The dividend payout ratio prospects were considered excellent. As John Sweeney attacked UPS for not sharing profits with workers was he willing to stand up with his stock portfolio in hand and say, "look, I'm giving back my dividend checks. This is way too much. This rate of return is far too gaudy. I need to get rid of this stock because I want it to only earn 6% instead of 12% so workers can share in my profitable ownership". Of course not.

But that is what is precisely wrong with big corporate America. It's being driven by innocuous shareholders that are expecting the best short-term rate of return. In light of global competition, the only way corporations have been able to satisfy Molly, Mary and Merrill Lynch's demands is by hollowing out the workforce through downsizing, part-time jobs and the reduction of employee benefits. With the fall of communism and the increase of free trade around the world, everyone is using the US as a model. The

problem is that countries with cheap labor, nonexistent environmental laws and low taxes are going to inevitably rob the US of all remaining manufacturing jobs.

The real enemy of unions is not greedy white collar managers who have been equally trashed in corporate downsizing. It is not capitalistic principals that have allowed this country to attain a standard of living that is the envy of the world. It is the nature of big corporate entities where the dignity of people is not factored into the rate of return.

The enemy is Mary, Molly and Merrill Lynch. It is us. We have grown up accepting that big corporations are a natural extension of capitalism but corporations didn't exist until the 19th century in this country. They were originally chartered in return for providing specific benefits to the community they served. Their charters were revoked if they failed to fulfill their commitment.

Even pro-business Business Week laments that from 1993 through 1996 corporate profits as a share of national income rose sharply while national income declined for those four consecutive years.

Big corporations may provide an efficient means to provide capital but the demand for high rates of return from investors forces them to tap into the lowest cost of doing business around the globe which obviously impacts wages here.

There has to be a renewed sense of community responsibility by American corporations but this direction has to come from Molly, Mary and Merrill Lynch. Unless unions recognize this, the global economy will relegate them to pages in our history books.



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