Teamsters upset the austerity scenario

Setbacks to union dissidents will hurt Carter anti-inflation fight but benefit nation

As the negotiations commenced in Washington last week for a new national master freight contract agreement, insiders in both the trucking industry and the so-called dissident movement conceded that the leadership of the International Brotherhood of Teamsters has the upper hand.

That is bad news for Alfred Kahn and the architects of President Carter's "restraints" approach to fighting inflation, but — in both the long and the short run — it is good news for the nation.

Behind the union's strengthened position is a series of impressive victories scored by incumbent Teamster leaderships over dissidents sponsored by PROD, Inc., a Kennedy-linked opposition grouping, and a related dissidents' group, Teamsters for a Democratic Union. Neither Administration officials nor the Kennedy camp are saying so publicly, but both were looking for strong showings by the PROD-TDU axis to weaken the Teamsters sufficiently to force the union to acquiesce in austerity policies typified by the Administration's Brookings Institution-authored "7 percent" wage-price guidelines policy.

Already under attack from both business and economists in terms ranging from "ill-conceived" and "dubious" to "disastrous," the Administration policy implies much more than mere wage-price "restraint." As conceived by such anglophile figures as Kahn, Treasury Secretary Werner Blumenthal, and Federal Reserve Chairman William Miller, the policy means putting the brakes on growth and modernization in all sectors of the economy.

The master freight agreement

The national master freight contract — the agreement that sets wage and work standards for over 435,000 truck-drivers in over 1700 trucking companies — is the "key pacesetter contract" for the upcoming year, on which the "restraints" policy will stand or fall. Through the master freight approach, the Teamsters Union has in the past not only been able to enforce a reasonable standard of living for the large and highly skilled IBT membership, with repercussions throughout the labor movement as a whole, but the agreement itself has served as a vehicle for enforcing the emphasis on high capitalization in the industry to which the IBT is committed.

For this reason, the authors of the Carter Administration anti-inflation policy are absolutely committed to forcing the Teamsters to accept a low-wage or low-benefit package. And they are at the same time promoting — under the leadership of Senator Ted Kennedy and Kahn — deregulation of the trucking industry to undercut the entire basis for the master freight agreement and the present capital structure of the industry. They are holding out the option of provoking a strike when the contract expires in April — a strike that could help trigger an economic collapse that would wreck U.S. collaboration with the European Monetary System to the benefit of the City of London. For this type of scenario to have credibility with the American public, the blame must be put on the "greedy" Teamsters or on internal chaos in the union.

In addition to PROD and the TDU, and the deregulation effort, the campaign to impose the Administration policy on the IBT includes the "anticrime" activities of the Kennedy-dominated Organized Crime Strike Force of the Justice Department and the ongoing "strike" by the so-called Fraternal Association of Steelhaulers against both the Teamsters Union and the steel industry. It is supported by heavy coverage in such media as the *New York Times, Washington Post,* the broadcast networks, etc., which keeps it in the public eye to drum into the national consciousness the notion that the Teamsters are corruption and evil incarnate.

According to a highly reliable source in the Chicago area trucking industry, all the various elements of the conspiracy against the Teamsters were counting heavily on PROD-TDU scoring major victories in the recent round of union elections. This would have "proven" that the Teamsters were "falling apart from within." Articles were ready in the "can," pushing the line that the IBT was weak and falling apart. Such articles, coupled with the "facts" of PROD-TDU victories, were calculated to have a devastating psychological effect on such Teamsters leaders as President Frank Fitzsimmons as they entered the room to begin master freight agreement contract bargaining. The industry, with prodding from Kahn, Blumenthal, and Miller, would have laid down the hard line.

But because the much planned-for victories failed to materialize, according to this source, the whole gameplan is now being "reevaluated." The announcement this week of a loosening of the Carter wage guidelines acknowledges the confusion in the anti-Teamster camp. The hope is to adopt yet another credible "bargaining" posture around which to manipulate the Teamsters. This softening will not last long — from the standpoint of the "restraints" crowd, it is to last just long enough to trap the Teamsters into not taking advantage of their present political maneuvering room.

The significance of deregulation

The other components of the anti-Teamster offensive are in place and operative. Over the course of the last two months, elements of the Carter Administration around Alfred Kahn and the Interstate Commerce Commission have been collaborating with Ted Kennedy to implement — via executive fiat — partial deregulation of the trucking industry. Their efforts have been couched in terms of "enhancing competition" and encouraging free enterprise, all of which is said to embody the "spirit of the anti-inflation program." Deregulation would effectively destroy the trucking industry, by encouraging cutthroat competition and shattering the capital structure that now enhances some degree of industry modernization. It would undo everything that the Teamsters have struggled over the last 35 years to accomplish.

It was the Teamsters union — especially under the leadership of Presidents Tobin, Beck, and Hoffa — which forced the industry to both modernize and protect the skill levels of its workforce. The culmination of that campaign came with the 1964 signing of the first national master freight agreement by Jimmy Hoffa and a reluctant trucking industry. The regulation of the industry — which prevents any fly-by-night firm as well as heavily funded speculators seeking quick profits from price cutting against established large trucking concerns and threatening multi-million dollar equity investments — gave the Teamsters the basis to set up a nationwide contract. If the regulation is removed, if the industry begins to fight among itself, the master freight agreement will collapse. The Teamsters could be induced into squabbling within their own ranks, and the centralized power of the union as a political force in the country would be ended.

In the immediate period, the effect of the announced ICC regulatory changes is to scare the more timid of the regulated carriers into thinking that deregulation is inevitable. What immediately follows from such reasoning is that the industry profits must be protected by resisting the Teamsters.

Similarly, the ongoing Fraternal Association of Steel Haulers (FASH) "strike" is also in part directed at undermining the Teamster leadership. FASH, an organization like PROD and TDU set up by cadre linked to the Washington, D.C.-based Institute for Policy Studies and the Ralph Nader operation, has at most 300 or so hard-core members. It was deployed twice previously against the Teamsters and the nation's economy in 1967 and 1974; at this point it has degenerated into a terrorist outfit organized, by the admission of its own members, as a paramilitary unit deploying to terrorize Teamsters and independent truck drivers to go along with its strike. Its

The dean of dereg:

Alfred E. Kahn, the Administration's new anti-inflation czar, is being played in the press as an academic who, the New York Times *tells us, speaks his mind and isn't used to Washington's discreet manners and deadly infighting.*

The Executive Intelligence Review's *Richard Welsh, who covered the airline deregulation fight last fall, when Kahn was head of the Civil Aeronautics Board, offers a less lyrical interpretation of Kahn in this personal reminiscence.*

I first met Alfred Kahn in 1972, as a graduate student at Cornell University where he was then Dean of the College of Arts and Sciences. At that time I was not "political" in the conventional sense, but only in my conviction that ideas were the fundamental reality in shaping the course of the world and that that was the function of a university.

Accordingly, I took advantage of a course offering by my department that entailed the design of a course by graduate students to be taught in a subsequent semester to undergraduates. The content of the course is irrelevant at this point, beyond the fact that it included material normally considered the prerogatives of three distinct departments.

The Dean succeeded in sabotaging the development of the course by a five-month maneuver of running false information to each of two departments in the name of the other department, claiming that their respective "turfs" were being invaded. In fact, outside of a few difficulties in the first few days (quickly resolved) there were no objections whatsoever except the Dean's own — which he never expressed as his own in any case.

The principle applied was the same one institutionalized by Kahn's Civil Aeronautics Board tenure: "Let's you and him fight." Things got to such a pitch that half the professors in my department felt compelled to sign a letter to the Dean complaining about the turn of events. He finally — reluctantly — agreed to a meeting that brought all the alleged adversaries together to resolve the "dispute"... though for some reason he was unable to make the appointment himself.

Chairmen of the major U.S. airlines know what I am talking about. Probably their only puzzlement is how such a seeming babe in the woods of an academic economist could pack such a wallop as unilaterally "deregulating" the airline industry — in flagrant violation of the legislation that set up his Civil Aeronautics Board in the first place—without a peep from Congress.

Alfred Kahn is no newcomer to Washington or any other high-level policy circles. He spent the years 1943-44 as a participant in the private "Palestine Survey,"

Alfred E. Kahn

having already been trained in the ways of the Brookings Institution, and has been a member in good standing of the Zionist lobby ever since.

In 1954-55 Kahn was in Italy — during the period when Enrico Mattei was consolidating his position and developing the Italian state-sector petroleum company ENI as a cutting edge in the Adenauer-De Gaulle "Grand Design" plan for European and Third World economic development. Outcome No. 1 of that period was the assassination of Mattei in 1962. Outcome No. 2 was Kahn's book, *Integration and Competition in the Petroleum Industry* — a work in his Brookings tradition of breaking up concentrations of capital-intensive industry in the advanced sector and preventing their creation in the developing countries.

This is the meaning of "deregulation."

Kahn's American political connections are no less powerful. He has been a close ally of the Kennedy family for years. Kahn was instrumental in bringing Robert Kennedy into New York State to make his run for the Senate. When Hugh Carey, close to the Kennedy machine, was elected governor of New York, Kahn was appointed head of the New York State Public Service Commission.

Readers of this publication will remember that Kahn's book *Great Britain's Role in the World Economy* is where he marveled at the economic efficiency of Nazi Germany. He declared there that had Germany only shown the same capacity for "belt-tightening" and "imaginative economic reorganization" in the payment of their Versailles reparations that they showed "since 1933" there would have been no debt repayment problems. The good economics professor allowed this to be published in 1946, at that.

To summarize Kahn's *vitae*:
- 1941-42: Department of Justice Antitrust Division
- 1944-45: Twentieth Century Fund (Studies of cartels and monopoly)
- 1951-52: Brookings Institution
- 1953-55: National Committee to Study the Antitrust Laws (Attorney General's)
- 1960-61: U.S. Foreign Agricultural Service, Israel
- 1963-64: Department of Justice
- 1967: Ford Foundation

So when the *Times* declares the Dean to be "impolitic but learning," they overlook the fact that he did his learning 30 years ago, and that he has been most politic for a long, long time. The kernel of truth is that Alfred E. "What-Me-Worry" Kahn's politics do not go so far as an ability to defend his "free enterprise" cult of Nazi economics in principled public debate.

demands are ludicrous — the "decertification" of some 10,000 Teamster-organized steel haulers and the recognition of FASH as their bargaining agent. Apart from the handfuls of highway terrorists who are shooting at Teamster-driven rigs, according to all available reports, any steel hauler who is "shutting down" (not driving contracted routes) is doing so for fear of his life. Despite the overwhelming evidence that FASH enjoys almost no support, the media has given it plenty of coverage, and elevated blowhards like Bill Hill, FASH's national director, into heroes fighting the big trucking companies and the Teamsters.

The appeal of FASH rests on its credentials as representatives of so-called independent truckers. The independents represent a particular problem to the industry and the union. By all rights, they shouldn't exist. They came into being because various industry people attempted to shed the massive capitalization costs by reselling rigs to drivers. These new owner operators, who also picked up repair and other costs, then contracted back to trucking concerns for work. The whole concept of "independent trucking" — a concept which is encouraged by deregulation which eliminates barriers to its proliferation — undermines the centralization of the trucking industry, and creates a built-in impulse toward undercapitalization. As Teamster leaders such as Jimmy Hoffa recognized, this heteronomy would eventually destroy both the industry and the union, and the tendency towards the proliferation of owner operators had to be resisted. The solution, according to Hoffa, was to bring the whole industry under the aegis of the Teamsters. FASH was in fact created in part as an impediment to this type of organizing, and continues to be a battering ram against the union's ability to deal effectively with the problem.

Behind all the rhetoric about union democracy emanating from PROD-TDU leadership there is actually a coherent organizing strategy. The way the union is presently structured, it is impossible for PROD-TDU to have a major influence at the national level. One of the most democratic unions in the country, the Teamster leadership is elected by some 3,000 delegates representing close to 2,000 locals at the union's national convention. A strong PROD organizational presence at the national convention is out of the question. Their goal is thus to rot away the control of the Washington-based IBT leadership on the local unions; this push for decentralization fits neatly into the organizing climate created by the efforts of FASH and of the Kennedy-Brookings crew pushing deregulation. The key is to create maximum heteronomy and destroy the Teamsters as an institution.

This properly locates the significance of PROD-TDU campaigns to take over several key local unions. If they gained control of such a base, they could use it to build a "trojan horse" inside the union.

So, the defeats in key locals have badly damaged this effort. The Teamsters, by exposing the political nature of the well-financed PROD attack against them, were able to turn back this multimillion dollar attack.

Nowhere was this battle more sharply defined than in New York Local 282. The PROD slate received one of the fullest media treatments in history — every major local newspaper and several nationally important papers like the *Washington Post* declared the Local 282 election to be the most significant in recent history. Every conceivable slander against Local 282 President John Cody — much of it leaked from the Organized Crime Strike Force directly to several correspondents — found its way into print. A top-rated national TV show, CBS's 60 Minutes, devoted a full 23-minute segment to attacking Cody and glorifying PROD candidate Ted Katsaros. Rumors were leaked that Cody was about to be indicted.

PROD and their controllers had counted on Cody to "play by the rules." But he did not — he decided to fight politically. Over the summer Cody and Local 282 had rallied the area building trades to resist efforts to impose a wage cut contract. Behind the contract effort was banker Felix Rohatyn, a national austerity promoter who wanted to make the New York area building trades into a national example of unions that could be broken by "austerity management." After a nine-week strike, Local 282 and John Cody emerged victorious. He had won a good contract for his own men and helped win one for the area construction unions.

The morale of his union executive and his shop stewards was high. However they lacked the ammunition to deal PROD-TDU a decisive blow.

The U.S. Labor Party provided him and his union with that ammunition. Labor Party representatives briefed his executive, then his shop stewards on the nature of the conspiracy deployed against the Teamsters. They assisted Cody in conducting a political education campaign that identified the danger represented by PROD. This culminated in a mass educational meeting attended by nearly 500 union members.

When the votes were tallied Dec. 10, Cody had won by a decisive margin — far greater than anyone had expected. Union leaders and members alike attribute that margin to the collaboration between the Teamsters and the Labor Party.

The Labor Party has assisted other locals throughout the country in conducting similar educational campaigns. Where Teamsters leaders have identified the political nature of the attack against them, they have won. In other places where incumbent leaders have hedged, and on occasion resorted to silly red-baiting of PROD-TDU, they have played into their enemies' hands and in some cases lost.

The PROD-TDU ranks are now demoralized. Even before the Local 282 defeat, PROD national organizer Paul Poulos had been forced to resign. He told a reporter that he was not able to withstand the pressure of "truth squads" of irate Teamsters who seemed to hound him wherever he went with questions about the "conspiracy against the Teamsters" and the sources of PROD's funding. As of this moment PROD has not been able to find anyone to replace Poulos.

— *Lonnie Wolfe and Matthew Moriarty*

Q. What's wrong

A. It's unconstitutional

The proposals put forward by Senator Kennedy, Ralph Nader, and others to deregulate the trucking industry are cloaked in the disguise of "consumerism" and "the free enterprise system."
want to reconstitute the regulatory role of the Interstate Commerce Commission to "lower artificially high freight charges," and thus benefit the ultimate consumer of any finished product. They intend, they say, to make it possible for the "little guy" to compete with the now "monopolistic" regulated carriers. Underneath the catchwords, however, the purpose is to dismantle a fundamentally capital-intensive industry, which employs highly skilled and well-paid labor, and to loot the already existing investment in sophisticated capital equipment and an educated, trained workforce.

To this end, the Kennedy proposals would redistribute portions of the carrying trade to the independent, unregulated carriers, presumably to provide them with sufficient income to maintain payments on the gigantic equipment debt which has bankrupted increasing numbers of them. At the same time, the deregulators propose to open up the industry for "competition," encouraging the entrance of even more underfinanced, underequipped independents, undermining the master freight contract as well as the market available to the large corporations with major investments in capital equipment, terminal facilities, and so on.

Any such proposal would be absolutely unconstitutional. How? The U.S. Constitution was in fact originally written for the specific purpose of creating a government capable of directing and developing commerce and industry for the benefit of the entire nation. The right and responsibility of the government to do so was written into the document, in the commerce clause: "Congress shall have the power to regulate commerce with foreign nations and among the several states. . ."; in the "necessary and proper" clause: "Congress shall have the power to make all laws which shall be necessary and proper for carrying into execution the foregoing powers . . ."; and in the "supremacy" clause: "This Constitution . . . shall be the supreme law of the land . . . anything in the constitution of laws of any state not withstanding. . . ."

In other words, Congress not only has full rights to