

# Alperovitz's Youngstown Steel Takeover In Trouble ?

Three weeks ago, the U.S. Department of Housing and Urban Development (HUD) gave Gar Alperovitz, fascist economist and fellow of the Institute for Policy Studies, \$300,000 for a "nationally significant" study of the feasibility for a "community takeover" of Youngstown Sheet and Tube's Campbell Works. While Alperovitz and his allies in the nation's media attempt to portray the entire city as being "solidly behind" Alperovitz's scheme to bilk millions of dollars from workers and community sources to buy up the closing plant, reports from sources in Youngstown indicate that Alperovitz and his allies are running into trouble.

"Alperovitz isn't really interested in running a steel plant," said a leader of a major Youngstown-based community organization. "Alperovitz is a fascist...he is what you call a social engineer. I've already seen an advance copy of what Alperovitz and his Exploratory Project for Economic Alternatives (see below—ed.) have worked up on the Campbell works. It is straight community control crap..."

So far, however, opposition in Youngstown and other areas of the state remains fragmented. Hundreds of Youngstown residents congratulated U.S. Labor Party organizers after a USLP spokesman was featured on a local radio show exposing Alperovitz and his "workers' buy-back" plan. On the state level, Ohio government and business interests are organizing to counter the plan, while locally the Youngstown Teamsters local is distributing thousands of leaflets against the Alperovitz scheme.

Despite the fact that the Alperovitz proposal would mean a de facto elimination of the steelworkers' union, United Steelworkers locals in the Youngstown area have given the scheme their cautious endorsement: "Something must be done to save the plant and its 5,000 jobs." However, the USWA International has remained silent.

"We are meeting some opposition, more than we expected," said a spokesman for Alperovitz fellow-travelers at the Ecumenical Council in Youngstown, "but right now we have the only game in town, so to speak..."

## Youngstown Plan 'Orwellian'

*Asked to comment on the Youngstown "Workers' Takeover" scheme, the steel analyst at a leading New York brokerage house described the plan as "the worst sort of 1984 Orwellian scenario":*

**Q:** What is your reaction to the plan for a community takeover of Youngstown Sheet and Tube's Campbell Works?

**A:** They don't have a rabbit in the hat. The workers can't cut wages enough to make the facility viable. There's no profit to wash out. The facility will still have to meet environmental standards. In short, there's no way the mill can be run for a profit....And where does the community come up with the hundreds of millions of dollars needed to reopen and start up the plant? The general taxpayer will be asked to cough up the money to subsidize facilities that are not viable. Hopefully, the whole community will turn thumbs down on the idea.

**Q:** In general, who benefits from a community takeover of a "marginal" plant like Campbell Works?

**A:** If the community puts up the money — if it says, "We're going to buy this plant back from you"—the company gets cash and can back out of the unprofitable facilities....Could the community's and taxpayers' money end up as a bail-out for the banks which are left holding the debt? Well, the implication is fairly nasty...but I'd say it's a very viable suggestion.

## Need Advanced Technology To Make Youngstown Profitable

*P. Calderone of Calderone Automation in Cleveland, Ohio, who attended the Dec. 20 meeting at the Commerce Department in Washington, D.C. on the Youngstown, Ohio steel crisis, submitted a proposal for introducing advanced technologies into Campbell Works as a way of turning it into a profitable operation. In the interview excerpted below, Mr. Calderone's associate in Columbus, Ohio explained the approach they are working on.*

We are proposing the introduction of new steelmaking technologies for producing savings in operating costs. Our approach is two-fold. First, introduce a super BOF (basic oxygen furnace). The plant presently operates on an open hearth furnace. A conventional BOF produces savings of about \$15 a ton. In the new super BOFs, the top gas of one BOF is used to preheat the scrap in a tandem BOF. This allows you to use more scrap — up to 50 percent scrap and 50 percent hot metal. Hot metal requires more coke ovens and blast furnaces.

Second, introduce horizontal casting. The savings

would be about \$89 a ton if continuous casting were introduced for the whole steelmaking process, from hot metal to coil, and about \$50 a ton if only from hot metal to slab.

In general, our idea is to eliminate functions at that plant and introduce new technologies that will produce very substantial savings which will make the plant profitable, even if there are still inefficiencies in other parts of the plant. Of course, this plan will require the expenditure of substantial money. We are hoping that the funds can be raised through federal loan guarantees. The industry hasn't been willing to spend the money. We had presented our plan to Lykes' Youngstown Sheet and Tube earlier, but the company couldn't get the money from its parent corporation.

Kaiser Engineers in Chicago are now reviewing the technology and its application at Campbell Works, and we will be presenting a detailed plan to the Commerce Department as soon as it is prepared. There is no assurance that anything will come of the plan.

## Carney Aide: 'Sheet And Tube Is Too Hot To Handle'

*Representative Carney (D-Oh.) has supported a "community takeover" of youngstown Sheet and Tube's Campbell Works. Carney's aide had the following to say on that proposal.*

The Congressman really doesn't want to stick his neck out too far on this one. Sheet and Tube is really too hot to handle.... There has been a lot of discussion both pro and con. We know what (Gar) Alperovitz is talking about, but we really don't know if it is feasible...

Carney is not just interested in the whole idea of community ownership. He's looking at the broader question of what is plaguing the steel industry. For example, we're thinking about introducing some "Buy America" legislation to force domestic companies to buy U.S. steel. We are going to watch to see if the government winds up going soft on the import question. The Solomon Plan (the Carter Administration's plan for "aiding" the steel industry — ed.) looks good, but who knows.... But on Campbell Works, let's see what Alperovitz comes up with. I guess then, we are going to have to take a position...

### Who Is Gar Alperovitz?

Gar Alperovitz, currently codirector of the Institute for Policy Studies spin-off, the Exploratory Project for Economic Alternatives, comes directly out of the network of social controllers established in this country after World War II by the London Tavistock Institute's Kurt Lewin. Lewin adapted techniques of coercive social psychology for application in U.S. industry to induce speed-up and to break the American worker's commitment to the idea of progress.

Alperovitz is no economist but a specialist in what social psychologists call "conflict management" (i.e., in creating a conflict and then manipulating it to a desired end). He travels in the same circles as Edgar Shein of Kurt Lewin-founded Research Center for Group Dyna-

mics at MIT; for example, Alperovitz is a consulting editor of the Center's *Journal of Applied Behavioral Science* (JABS) along with Shein and Ronald Lippett, both Lewin's direct students. Shein did pioneer studies in worker self-determination and "organizational development," which were tried out in testing grounds like the General Motors Lordstown plant near Youngstown in the early 1970s, and had the effect of introducing hellish levels of speed-up into the plant.

In 1973 JABS devoted a special double issue to "alternative institutions," which explored ways to involve the individual "more deeply in the family and the micro-community," enabling him to better adjust to "normally traumatic events, such as the loss of valued employment."

In 1969 the Lewin-MIT network had created the Cambridge Institute (now the Cambridge Policy Studies Institute, the sister organization of the Washington-based IPS), of which Alperovitz is a fellow. The Cambridge Institute's purpose, stated in the first issue of its bulletin in October 1969, was to develop the community buy-back swindles that Alperovitz is now peddling to the citizens of Youngstown, Ohio: "The Institute is particularly involved in efforts to develop new forms of community control over the local economic and political institutions." In the lead article, "National Perspectives," Alperovitz extolled the Community Self-Determination Act he had drafted in 1968 while an aide to Sen. Gaylord Nelson, and noted growing support from conservative Republicans for the proposed system of "a new community-controlled development banking system to provide loan funds by providing technical assistance, and by granting tax incentives for businessmen who help the community set up and run new industry." Alperovitz observed, "there is no reason, of course, that the concept cannot embrace community ownership not merely of tiny plants, but of major industry, again through purchase on the basis of loans."

Since its founding in 1972, Alperovitz's Exploratory Project has been dedicated to implementing this program and has received money from the Stern Family Fund, the Rockefeller Foundation, and the Field Foundation to accomplish that end.

## 'Do You Want A Job Or Straight Teeth For Your Kids?'

*Baltimore's steel industry workers and executives were treated to the following account of the Youngstown, Ohio steel crisis in the Jan. 15 and 16 Baltimore Sun.*

After 29 years in front of an open-hearth furnace, there is not much that Andy Bury does not know about making steel...

But on Sept. 19, the company's Campbell Works was abruptly closed and Mr. Bury and 3,750 other employees were sent home. Squeezed by rising costs and competition from foreign steel imports, the company said it could no longer compete.

Now Youngstown is being told that if the plant is ever to reopen, the Andy Burys and their neighbors will have to find some way to take it over and manage it, an idea

that Youngstown is having trouble getting used to....

Community leaders will soon be called on to switch \$500 to \$1,000 from their savings accounts into a new fund to "save Youngstown," says the Rev. Robert Campbell of the First Presbyterian Church of Youngstown, one of the clergymen who form the basic support of Mr. Alperovitz's effort.

Then the 200 clergymen behind the effort will ask their parishioners to do the same thing with as much money as they can spare. At this stage, no contributor would lose control of his money — it would simply be switched to a new account like a "Christmas club," presumably at the same bank. "The only difference is, they won't get a new electric blanket for changing accounts," says a clergyman involved in the project....

"What we are shooting for is about 500 big givers and 150,000 individual contributors," says Mr. Campbell. "We've got to raise \$30 million. That would be such a dramatic demonstration to the government and the outside investors that it would open all kinds of doors."...

(Alperovitz's) Exploratory Project for Economic Alternatives is financed by the Stern Fund, the John Hay Whitney Foundation and other foundations. Mr. Alperovitz has written at length to defend his belief that "the problems of American society — urban decay, pollution, crime, energy, unemployment, inflation — are as much a product of the way we allocate capital as are CB radios, oil wells, factories and office buildings."

"The allocation of capital in America has produced the degeneration of our cities — particularly in the Northeast. It has been more profitable to build in the suburbs than in the cities, to invest in new housing in deserts outside of Phoenix than to rehabilitate the Bronx."

New forms of business ownership are needed to change these priorities, Mr. Alperovitz says, and he sees

Youngstown as a test case....

Average earnings for steelworkers at the Campbell Works rose from \$5.13 an hour in 1968 to \$12.51 in the first half of 1977, an annual growth compounding at more than 10 percent, says George Bettie, a consulting engineer from Philadelphia who has studied the Youngstown steel situation.

Prices nationwide rose at only 5.6 percent per year over the same period, he said.

But the steel executive says, "The biggest resource is that labor force. Some of them are the third and fourth generation to work at the Campbell plant. The melters and furnace operators have always been considered semi-professionals....

The Department of Housing and Urban Development has financed a \$300,000 study to search for a form of community worker management that might succeed in reopening the plant. The economist conducting that study, Gar Alperovitz, stresses the possible savings that could result in an employee-owned plant. "Once you get workers in there who know what's going on, the change is immediate," he says.

The Rev. Edward A. Stanton, a Youngstown priest who sits on most of the community organizations working on the steel problem, says the steelworkers might find that six could do the work seven had done before. And they might sacrifice a dental insurance plan or other fringe benefits to make the plant's products more competitive.

"I ask them whether they'd rather have a job or straight teeth for their kids?"

Frank Leseganich, district director for the United Steelworkers of America, likes Mr. Bettie's approach of slowly bringing the plant back. "That's the way a family does it. You build the cellar first and live in it awhile; then you build the rest of the house."

## Construction Union Leader: 'Energy Consumption Must Increase'

*Following with only minor deletions is the verbatim text of an address by United Slate, Tile and Composition Roofers, Damp and Waterproof Workers' Association International President Roy E. Johnson before Senator Henry Jackson's Senate Interior and Natural Resources Committee. Although originally delivered in April, the text was obtained only recently by Executive Intelligence Review.*

...Out of the confused debate that has developed with respect to the energy crisis, one concept seems to gain more and more acceptance. Everyone seems to agree that we should not waste our energy. As a result, a lot of folks think that we must reduce our national annual growth rate.

What is not yet apparent, however, even to many sincere and concerned policy-makers, is that the total energy consumption of our nation must continue to increase in the future, even if we establish extraordinarily

successful spartan conservation programs. We obviously can and must eliminate wasteful practices in energy consumption. There is a point, however, beyond which further reduction will seriously impact the job market.

There is absolutely no moral justification for policies that would cause increased unemployment because of energy shortages. So, while energy waste can and must be eliminated, we must never allow one man's concept of conservation to be the cause of another man's unemployment.

At the present time, the building industry is in a depression with unemployment over 17 percent of our total work force. We in the Building and Construction Trades Department fully realize that if there is to be a reduction in unemployment, there must be reasonable growth in the supply of energy. We need to get on with the job of building energy facilities.

As responsible citizens, sort out the facts with respect