

# Steelworkers Suit Could Drive IPS Out Of Labor Movement

A law suit brought by the United Steelworkers against nine tax-exempt foundations who illegally conspired to finance steel union "dissident" Ed Sadlowski is being viewed by other trade union leaders as an opportunity to blow the lid off much broader Institute for Policy Studies subversive activities inside the labor movement. The Sadlowski campaign, run by IPS lawyer Joe Rauh, is in fact only one of the many unsavory developments in American labor associated with IPS and the foundations now accused by the steelworkers.

Filed last week in New York, the USWA's suit names the Rockefeller Family Fund, the New World Foundation, the J.P. Kaplan Fund, the Community Funds, Inc., the Samuel J. Rubin Foundation, the Ottinger Foundation, Youth Project, the Association for Union Democracy, and the Field Foundation as defendants in a conspiracy to fund Sadlowski in his unsuccessful 1976 run for union president. Since six of eight hold stock in companies employing steel union members, they are in effect "employers" funding a union faction in violation of labor laws.

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## LABOR

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The same foundations, as the USWA complaint itself implies, are the financial angels of IPS "dissidents" all over the labor movement — and according to Mike Trbovich, a former Vice President of the United Mineworkers, that's not all. In addition to funding PROD and Teamsters for a Democratic Union (TDU) inside the Teamsters union, "the same foundations are behind such terrorist groups as the 'Miners Right to Strike Committee,'" reports Trbovich. "You begin to get the picture," he continued. "They helped set up the unnecessarily long coal strike which Energy Secretary Schlesinger manipulated, adversely affecting not only the union but the whole nation."

The USWA suit could open up a very big can of worms, says Trbovich. "These foundations have a zero-growth policy, a deindustrialization policy which they want to impose on American labor. I've attempted to expose this conspiracy since 1972-1973, and my information indicates involvement of high public officials. They've targeted the USWA, the UMW, the Teamsters...and the center of it is the Institute for Policy Studies in Washington. With the USWA suit, we might finally get to the bottom of things."

Excerpts below from the USWA suit outline the "tax-exempt" method which IPS's foundation sponsors use:

### Introduction

1. ...The defendants are multi-million dollar, tax-exempt organizations, themselves employers, and financed by employer contributions. Defendants have caused, and unless enjoined will continue to cause, employer monies to be contributed to and expended on behalf of candidates

for USWA offices in blatant violation of Section 401(g) of the Labor-Management Reporting and Disclosure Act of 1959 ("LMRDA"), 29 U.S.C. §481(g), and the common law of the State of New York. These illegal expenditures by the defendant-employers have threatened the democratic integrity of USWA elections, pose a continuing threat to democracy within the Steelworkers Union, deprive the Union's members of their right to elections free from employer interference, jeopardize the legality of USWA elections, and expose the Union to potential costs of millions of dollars should an election be set aside because of these illegal expenditures...

19. The purpose of §401(g) is to assure that union elections reflect the views of union members — and not of employers — as to who should represent and lead the union. Whenever an employer makes contributions to a candidate for union office, this vital congressional policy is infringed, and the union and its members suffer an injury to their right to conduct their elections free from employer interference...

22. In February, 1977, USWA held a contested election for its top offices. The rival slates were headed by Lloyd McBride and Edward Sadlowski. The Sadlowski slate was largely underwritten by tax-exempt corporations which are employers under the LMRDA...

24. Defendants Rockefeller Family Fund, New World Foundation, Field Foundation, Samuel Rubin Foundation, Inc., J.M. Kaplan Fund, Inc., Ottinger Foundation, Community Funds, Inc., Youth Project, and other employers unknown at present to plaintiffs, used defendant Association for Union Democracy ("AUD") and other employers unknown at present to plaintiffs, as conduits through which monies and other assets were laundered for use by or on behalf of the Sadlowski slate. These expenditures were *ultra vires*, and were outside the scope of expenditures permitted to be made by tax-exempt organizations. In addition, officers, directors, and managing employees of these defendants made substantial contributions directly to the Sadlowski slate campaign...

26. Defendant Association for Union Democracy (AUD) violated §401(g) with respect to the 1977 USWA election by expending virtually its entire budget for the years 1976 and 1977 to promote the Sadlowski slate, including the monies and assets donated to it for this purpose by the other named defendants and by other unnamed employers. Specifically:

(a) From an unmarked store front adjacent to the Sadlowski headquarters, pursuant to arrangements negotiated with the Sadlowski slate, defendant AUD recruited and trained over one thousand persons to work as election-day observers throughout the United States on behalf of the Sadlowski slate...These observers reported only to the Sadlowski slate, and reported only such information as could be used to benefit the Sadlowski slate...defendant AUD did not offer to recruit or train

persons to serve as observers on behalf of the McBride slate. Indeed, defendant AUD refused, when requested, to provide like services to the McBride slate or to representatives chosen by it. The cost of recruiting and training of observers is a routine campaign expense incurred by all candidates for union office; in this instance, however, the Sadlowski slate obtained an unlawful advantage by reason of defendants' illegal expenditures...

(b) Defendant AUD prepared and printed tens of thousands of copies of an election manual instructing observers and other union members about their election rights. That manual was distributed exclusively to Sadlowski slate supporters. McBride slate supporters were refused copies of the manual when they requested them....

(c) Several lawsuits were filed during the course of the 1977 election campaign. At the request of the Sadlowski slate, defendant AUD assigned its legal director, Judith Schneider, and other AUD lawyers, to work as the Sadlowski slate's representatives. Through Schneider and its other lawyers, defendant AUD provided free legal assistance to the Sadlowski slate...

(d) Located in an office adjacent to Sadlowski slate headquarters, defendant AUD, acting through its legal director, Judith Schneider, and other employees, provided, without cost to the Sadlowski

slate, campaign services for the slate....held press conferences, monitored rival press conferences, represented the Sadlowski slate at meetings of the candidates, drafted campaign literature, provided day-to-day administrative assistance and support to the Sadlowski slate campaign, and otherwise participated in the development and implementation of the Sadlowski slate's campaign strategy. Defendant AUD's legal director was so closely associated with the Sadlowski slate campaign that she was variously described in the press as a "part of the informal Sadlowski entourage" and as a campaign "spokesman," and she was reported in the press as referring to Sadlowski as "her man."...

29. Defendants have pursued and are continuing to pursue a policy of unlawfully spending vast sums of money and other assets to influence the outcome of union elections. The expenditures in the 1977 USWA elections were just one of a number of instances in which illegal expenditures have been made by defendants on behalf of candidates for union offices. Defendants are committed to a general policy of spending employer monies to elect union officers sympathetic to the defendants-employers' views. AUD has continued to spend its own monies, and monies conduited to it by the other defendants, even after the conclusion of the 1977 election, in order to maintain the viability of its candidates for future USWA elections.

## Strauss To 'Anti-Inflate' Environmental Agency

At a closed-door White House meeting with chief executives of leading U.S. corporations on April 20, President Carter promised that he "would set up a mechanism within the White House to ease their federal regulatory problems as a trade-off for price moderation."

Specifically, Carter meant that Robert Strauss, the President's recently appointed "anti-inflation counselor," had already been meeting with officials of the Environmental Protection Agency to discuss business complaints that their regulations have been adding "inflationary costs" to production. Strauss reportedly met directly with EPA's administrator, Douglas Costle, to seek ways to "cut costs and curb inflation." Immediately afterward, the executive director of the environmentalist Environmental Defense Fund, Arlie Schardt, accused Strauss of trying to make the EPA, which is a notorious haven for Naderites and antinuclear fanatics, a "scapegoat in the fight against inflation."

Business leaders attending the meeting were apparently more than satisfied with this attention to one of the real zero-growth causes of production cutbacks and, thus, inflation. Thomas A. Murphy, chairman of General

Motors, said he was gratified that the "problem of added costs resulting from federal regulatory requirements was discussed in such depth."

In a related Administration move, Attorney General Griffin Bell last week personally presented the government's case to the Supreme Court in opposition to the Endangered Species Act which has prevented the Tennessee Valley Authority from completing the Tellico Dam because of the "snail darter," an endangered species of perch. Last February, a United States Court of Appeals enjoined the TVA from further construction on the dam, which would add 200 billion kilowatt hours of electricity yearly to the overall U.S. energy supply and would vastly stimulate industrial development in the Mississippi Valley.

The day after Bell laid out the government's reasons why the Tellico Dam should be built, Secretary of the Interior Andrus issued several press releases opposing Bell's decision. But, as columnist Pat Buchanan commented regarding Bell's brief to the Supreme Court: "Carter, it seems, has decided that environmentalism is bad politics."