

LABOR PERISCOPE

AFL-CIO wants 'equality of sacrifice'

A spokesman for the AFL-CIO said last week that the labor federation wants the immediate imposition of full economic controls on the American economy.

Rudy A. Oswald, the AFL-CIO director of research, said that while the AFL-CIO is opposed to Federal Reserve Chairman Paul Volcker's tight-credit policies, the federation acknowledged the need for an austerity regime in the United States to "control inflation." Volcker's policies, said Oswald, were "ill-advised" because they violate the principle of "equality of sacrifice." Since "somebody must suffer," said the AFL-CIO research director, "then everyone must share the burden of sacrifice equally."

To "put the economy back on the right track," the AFL-CIO wants President Carter to fully implement the Credit Control Act of 1969. Under the provisions of this act, which was sold to the Nixon administration by a combination of London-Wall Street allied individuals, including John Connally, the economy would be put under wage and price controls.

This is a long-standing demand of the AFL-CIO, especially those officials around Secretary Treasurer Lane Kirkland. Last week, Kirkland attacked Volcker's credit policies and called for more "equality of sacrifice."

The Credit Act of 1969, which can be implemented as an emergency measure without further congressional action, would enable Volcker to go beyond his interest rate hikes, to place controls on the allocation of all domestic credit. Volcker would then have absolute control over which industries would survive or collapse.

Oswald, who professes to "need lots of advice" on monetary matters, has published articles that state that the future strength of the American economy is based almost solely on the nation's ability to "make sacrifices."

While Oswald saw the AFL-CIO's proposal as "countering Volcker," other sources disagreed. A spokesman for the American Banking Association said that the Federal Reserve would welcome full credit controls and the imposition of the 1969 act. Other sources pointed out the strange irony of the AFL-CIO demanding even more stringent austerity than the Fed chairman.

"It's going to help him (Volcker)", said one source. "It makes it appear that there is popular pressure building for him to go further—toward more controls."

Oswald reports that the AFL-CIO relies heavily on outside sources for their economic positions. "We like to use Brookings Institution and groups like that." Brookings is the source of much of the antilabor policy of the last 40 years.

"The labor movement fully agrees that there must be pain and sacrifice to deal with inflation," said one AFL-CIO official. "We want to make sure that it is spread around."

What Fraser is doing to the UAW and Chrysler

In exchange for his seat on the Chrysler Board, UAW head Douglas Fraser agreed to a contract for Chrysler workers that will give Chrysler UAW members \$203 million less in the next two years than other auto-industry

workers. Not only did Fraser agree to a tiny 3 percent annual pay increase, which at today's inflation rates means a large slash in workers' earning power, but the increase itself will be delayed six months in the first year and for several months in following years.

At the same time, cost-of-living increases earned by Chrysler workers under their old contract will be delayed until December 1980, and thus will not be considered in the base pay of Chrysler employees. The new cost of living escalator agreed to was a mere 1-cent-an-hour increase in pay for each three-tenths of 1 percent increase in the Consumer Price Index.

The contract also allows Chrysler to defer payments into the union pension fund, eliminating part of already slated pension increases for Chrysler pensioners. At congressional hearings several days before the announced agreement, Fraser also offered to loan almost all of the Chrysler workers' \$850 million pension fund to the company with government guarantees.

Fraser will use his seat on the Chrysler board to oversee the dismantling of the nation's third largest automaker. This open opponent of advanced technologies like nuclear energy has already said that he does not care if further environmental restrictions are placed on the auto company.

Sources in the banking community say that the Chrysler-UAW deal can serve as a model for the "depression contract." "The union has been very understanding of Chrysler's financial plight and has worked very hard at making certain concessions here," declared William O'Brien, who headed the Chrysler negotiating team.

—Lonnie Wolfe