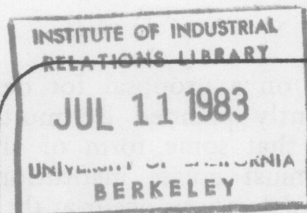




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ALTERNATIVE ^{AN} REAGANOMICS

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Last fall, some four dozen labor union, ^{erest} ^{anor} public interest and university economists met in San Francisco to work out an economic alternative to Reaganomics. Brought together by the California Project, a public interest organization which focuses on progressive policies for the state, the economists agreed (a) that Reagan's policies have been disastrous for the economy at large, (b) that they have been especially hard on labor, minorities, women, communities and the environment, and (c) that current Democratic proposals are not nearly bold enough to revitalize the economy.

Reagan's strategy of forced austerity to shift public resources toward lavish military spending has deformed the structure of the economy and diminished consumers' ability to buy basic necessities. Further, Reagan's social spending cuts and regressive tax breaks have substantially redistributed income toward the very rich whose consumption habits do not help rebuild the economy. The group argued that an economy based on an equitable distribution of income and committed to freedom from hardship for all its citizens would work better.

Putting Jobs First On the domestic front, a subgroup recommended a set of job, tax and spending policies that aims at putting people back to work. Our jobs policy, they stressed, should create 3.5 million jobs, the number of additional people unemployed since Reagan took office. In addition to infrastructure jobs to enhance social capital and longterm productivity, this program would also create many jobs in public and nonprofit sectors. Such jobs would quickly revive the economy and would preserve and restore human resources. To buttress the jobs program, the tax system should be made progressive, simpler, neutral with regard to capital allocation, and sufficient to raise revenue for social and economic stability and security.

Linking Trade Priorities to Domestic Jobs Another subgroup outlined a new international trade strategy. They agreed that "free trade" notions often disguise the reality of corporate dominated patterns of exchange protected by the patronage of national governments. Vastly unequal degrees of market power result in trade patterns that are highly unstable, inefficient, unjust, and anti-democratic. In agriculture, for instance, the government's heavily subsidized export policy (a) destabilizes and inflates food prices at home, (b) encourages corporate farming practices which are environmentally unsound, and (c) discourages third world agricultural development. Instead, public resources should engender production of inexpensive, nutritious food at stable prices, preserve family farming, reward sound ecological practices, and help other nations develop their own agricultural potential.

Participants agreed that a responsible trade policy must change to cope with the new international division of labor. First, we should pass some form of domestic content legislation to protect workers from shouldering extraordinary readjustment costs in a changing economy. Second, we should negotiate foreign trade, aid, and investment policies that improve third world workers' wages and working conditions and guarantee their right to unionize. Third, we should encourage long term fair trade practices by incorporating worker representatives in trade and aid bargaining. Labor unions must begin to map out international organizing strategies, in order to raise living standards worldwide.

The international group also agreed that protectionist policies were not sufficient to assure community and job stability. Any short term relief given to an industry must be accompanied by "quid-pro-quo"—such as (a) more equity and greater voice in management for workers, consumers and the public, (b) translation of price or tax breaks directly into new investment or upgrading of equipment, (c) protection of workers' rights to organize, (d) preservation of existing regions and communities, and (f) yardstick public corporations. For instance, in return for steel import protection, the steel corporations should be required to refurbish some older facilities, to improve pollution control, to permit unionization of new mini-mills, and to compensate communities and workers when closing down plants. In addition, public subsidies should be matched by the creation of a new public steel mill, just as gains in workers' productivity should be matched by increased worker participation in ownership and decision making.

Democratizing the Planned Economy. Another subgroup worked on a proposal for democratic planning. Most members agreed that the world economy is currently planned by multinational corporations, in conjunction with major national governments, and that some form of alternative centralized planning is necessary. Any national planning initiative must create institutions which democratize decisions at the local level. But clearly, many major allocative decisions occur at the national level (defense, energy, housing, education, etc.) The central concern of this group was how to ensure that such a planning process would be democratic, progressive and responsive to its constituents. The group handled this problem by sketching out policies for individual sectors.

Industrial policy, for instance, should emphasize employment stability and community preservation over and above simply enhancing the competitiveness of U.S. industry, when the two goals are in conflict. Thus trade policy should be viewed as an adjunct to industrial policy, rather than as a substitute for it. Furthermore, a sound policy should encompass the retention and rebuilding of some older sectors as well as the stimulation of new ones. The formulation of industry policy must incorporate the expertise and perspectives of workers and communities rather than relying solely upon corporate managers and finance experts.

In another example, the group considered ways of redressing the differentials between men and women in pay and in household workloads. The group discussed two complementary ways of attacking these problems. First, we should pursue workplace policies of comparable worth and an end to occupational segregation. Second, we should adopt a household policy that eliminates the presumed responsibility of women for childrearing and housework by instituting paternity leaves, moving to a shorter workweek for both men and women, and mandating employers to permit career interruptions. Since these approaches will not immediately eliminate the acute poverty of many poor, minority and elderly women, the group also stressed the liberalization of welfare rights and benefits. Representatives of women as wage workers, household workers and members of the unemployed and retired must be incorporated into economic policymaking.

Redirecting the Military Economy. A final subgroup tackled the difficult issues of defense policy and the military economy. The proposals of the other groups for job programs, industrial restructuring, and an improved social policy all relied upon this group to produce reasonable savings in the federal budget. The military group first defined the meaning of national security to include the achievement of a healthy economy and energy self-sufficiency. They then redlined the military budget to eliminate approximately \$100 billion annually. We could save \$20 billion with a strategic freeze on new missiles, \$20 billion from ceasing to intervene in the Third World, \$15 billion from an end to U.S. foreign arms sales, and another \$30 billion from reduction of wasteful military procurement practices. The group argued that the shift from military to domestic spending would also strengthen the economy's basic industrial base because the former is highly unstable, creates short term job bubbles followed by severe job displacement and diverts investment from basic plant and equipment needed for the production of food, clothing and shelter.

By the end of the weekend, the group agreed on a motto for their program: "A Fair and Decent Economy Works!" They hope that their perspectives will broaden the national debate on our economic future. The group plans to solicit comment and criticism from every possible constituent group over the next few months. They view their discussions and resolutions as exploratory and as an attempt to build an economic program around a broad based coalition whose members have quite disparate problems and viewpoints. Anyone who is interested in reading the drafts of the conference or giving feedback to the California Project, please contact Ann Markusen at the Department of City and Regional Planning, UCB, or Ann Beaudry at the California Project, 625 Third Avenue, San Francisco, CA 94107.

-- Ann Markusen