"WAKE UP, AMERICA!"

Moderated by
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Economic Foundation

Can the Steel Industry Assure Labor an Annual Wage?

Speaking Requests

As debated by

Harold J. Ruttenberg
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Bradford B. Smith
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MR. RUTTENBERG OPENS: When I served as an assistant director of the Steel Division of the WPB, I was impressed by my colleagues repeated assertions—all steel company executives—that "the steel industry is technically superb, but the worst, most incompetent, seller of its goods." The United Steelworkers of America—CIO has proposed the guaranteed annual wage as a means (1) to stabilize labor's purchasing power; (2) provide steel producers with an incentive to bring their sales houses in order. Tom Girdler, of Republic Steel, testified as to how the steel industry responds to financial incentives. In his autobiography he said: "In steel mills, laborers and executives commonly said: 'You can't help having accidents in this kind of work'.... Nevertheless, industry found out that it could help having accidents, a force was applied to safety work—the profit motive.... Legislation (Workmen's Compensation) spurred safety work into really effective performance." Tom Girdler says accidents were largely corrected when it became more costly to have them than avoid them—today the industry is the third safest in America. By the same token, the industry will largely eliminate chronic unemployment when it becomes more costly to have its workers unemployed. Steel can assure its workers an annual wage. What it takes is "Will." If not, then Tom Girdler's profit motive theory is without merit.

MR. SMITH CHALLENGES: Will Rogers reputedly once said that to end the submarine menace we should heat the ocean—but *how* was someone else's problem. Mr. Ruttenberg similarly asserts, rather than attempts to prove, that steel payrolls can be guaranteed—but *how* is someone else's problem. By loading extra costs (wages for not working) on the losses of declining business he would "spank" the industry into making people keep on buying steel products when they preferred to buy other things. "Spanking" the industry can't give it the power to dictate to customers; nor would the country stand for it if it could—all of which Mr. Ruttenberg undoubtedly knows very well.

MR. RUTTENBERG REPLIES: Mr. Smith's challenge proceeds from a case of not knowing the steel industry. Steel controls much of its markets, and is increasingly controlling them. For example, where only 5% of the drum barrel industry was owned by steel firms in 1939, today 87% of it is captive. So steel controls this outlet for a half million tons of steel sheets a year. The "spanking" Mr. Smith proposes is of America's workers. He says "spank" them into permanent chronic unemployment. America's workers returning from the battlefronts as well as those on the homefront will hardly stand for such "spanking."

MR. SMITH OPENS: Most employers would like to be able to guarantee wages. Few can and fewer have. The reason is simple: a business, big or little, is only an intermediary between its customers and its workers. Only if customers buy regularly can there be a steady flow of money to pay to suppliers, workers and owners for the use of their tools. The customer, not the employer, holds the power to guarantee. Only in a few instances, such as food and soap, has the flow permitted even a limited guarantee. One does not buy steel regularly as one buys food or soap—everybody knows that. There is no compelling need *regularly* to buy new bridges and automobiles—or warships and tanks; people may prefer to buy other things. The industry has no power to compel customers when, where and how much to buy. The glorious privilege of Americans has been to buy exactly as they pleased—not as sellers or bureaucrats tell them to. Even with regimented consumption it is doubtful there would be the funds to guarantee present wages to present workers; nor can it be done by seizing for wages what is paid to owners. In 1943 thirty-one steel companies paid workers twenty-one times what they paid their stockholders. The wages were three times the wages of 1939.

MR. RUTTENBERG CHALLENGES: Mr. Smith concedes the desirability of the annual wage. That's fine. It is a rare social and economic proposal that has the endorsement of all parties. He only argues it is not practical. This defeatist attitude leaves me singularly unimpressed. Industry spokesmen always argue so against new social-economic proposals. Employers said during the last war that the eight-hour-day was impractical—that while it might be desirable to eliminate the 12-hour-day, it was not practical. This same impractical "practical" argument was used against social security, collective bargaining, etc., now endorsed by Mr. Dewey. As for Mr. Smith's irrelevant statistics as to 1943 steel wages and steel profits, they have nothing to do with the desirability and practicality of the guaranteed annual wage.

MR. SMITH REPLIES: Mr. Ruttenberg has not advanced one single fact or argument supporting his mere assertion that an annual wage can be assured. It is meaningless to hold that because some proposals have proved practical this one must also. Many have not. We should seek, not assume, an answer. He fails utterly to reconcile the changes in steel buying in a free country with the proposal that steel workers could have an unchanging income. He confuses the desirability of steady employment *in general* with the undesirability of holding workers in one kind of production (war) when another (peace) is needed. It is the *prompt* shifting of workers to meet the nation's changing needs that maintains employment; it is resistance to the shifting that breeds unemployment.

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