

Why talks in the Steel Wage Dispute are stalled

A Report to the American Public

Millions of Americans are asking why negotiations in the steel labor dispute have stalled.

The chief reason is that the union refuses to budge an inch from its demands for the full package of Wage Stabilization Board recommendations.

Under these recommendations, the union wants the highest increase in wages and in fringe benefits in the industry's history. And in addition, it wants the power to force every man who works in the mills to join a union.

On its part the industry, faced with demands which would lift its costs more than \$1 billion annually, wants the Government to grant fair and reasonable price relief to compensate for increased costs. And it opposes the compulsory union shop.

How Prices Stand

It is important to set the record straight on one point. The steel companies have never asked nor "insisted" on a price increase of \$12 a ton. They have asked only for fair and equitable treatment on prices, if labor costs advanced.

The figure of \$12 a ton would be the ultimate cost to the companies if the inflationary increases recommended by the Wage Stabilization Board become effective. How is that figure reached?

The direct employment costs to the companies of the W.S.B. recommendations would be 30 cents an hour per employee or \$6 a ton. There have been five earlier rounds of wage increases and other costly benefits since V-J Day. In each of them the cost of goods and services the steel companies must buy went up by nearly the same amount as the increase. This time that would add another \$6 in costs a ton, or \$12 in all.

The revenue of the steel industry is simply not adequate to permit it to "absorb" a further cost increase of \$6 a ton or more without a compensating price increase.

The companies had hoped to help check inflation by holding the line on both prices and wages. However, the W.S.B. recommendations shattered that hope.

The Price Administrator has said an increase of only about \$3 a ton will be allowed. The companies were entitled to this increase under the Capehart Amendment to cover increased costs between the outbreak of fighting in Korea and July 26, 1951, prior to any demands for wage increases. In the interest of stabilization, no request for this increase was ever made by the industry.

Some in Washington cite the income of steel companies before taxes as alleged proof that they can absorb more than \$1 billion in added costs. But the effect of that absorption would be to reduce their taxes by two thirds of a billion.

The loss in taxes would have to be made up by action of Congress to increase taxes. If not that, then by Government borrowing, or by the printing of new money. This would be inflation pure and simple.

That is why the tax payers and consumers of America will bear a large share of the cost of the W.S.B. inflationary recommendations.

The Union Shop

Another big stumbling block to agreement between the companies and the union is the compulsory union shop endorsed by the W.S.B. Under the union shop no man, not a member of the union, could work in the mills.

The companies believe it wrong to interfere in any respect with an individual's decision as to whether he will or will not join a union.

The Broader Issues

The controversy has created grave economic and Constitutional issues more important by far than the immediate dispute in steel. These will not be settled quickly or easily, but settled they must be because---

If the Government can arbitrarily seize the steel mills, the property of nearly one million citizens, stockholders of the steel companies---

If it can impose an inflationary wage increase---

If it can confiscate private income by setting prices in ruthless disregard of the needs of the industry to meet huge cost increases---

If it can force compulsory unionism on workers---

Then our American heritage of human liberty, the right of individuals, the right to own property, the freedom to work ---even freedom of the press---are gravely imperiled.

This is Your Fight

This fight does not concern the steel companies alone. It is your fight as well. If you are opposed to the illegal seizure of property by Government for any purpose whatever, your only recourse is in the Congress of the United States.

It is your privilege as an American citizen to express your views to your Congressman and Senators on these subjects.

Write for copies of the booklet "Facts in the Steel Controversy."

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