Massachusetts & Mature Industries

Michael Schippani
Massachusetts & Mature Industries

Abstract

[Excerpt] At the core of labor’s current crisis are deindustrialization, the economic collapse of major industrial cities, and the worsening working and living conditions of working people.

Massachusetts was one of the first states to experience these phenomena, with the decline of its older industrial base. In the decades following World War II, manufacturing employment dropped significantly. From 1963 to 1978, more than 600 plant closings were recorded, with almost 150,000 people thrown out of work.

Last year alone, more than 160 plants closed, affecting nearly 16,000 workers, and an equal number were affected by partial closings and mass layoffs. Upon reemployment, dislocated workers in Massachusetts suffered an average 13% decrease in wages. These industrial dislocations had a disproportionate impact on organized labor, as nearly two-thirds of all the plant closings in the state were union shops.

State government in Massachusetts has finally tried to combat some of these problems with its Mature Industries Act, passed in 1984. Though still in their infancy, the programs initiated by that legislation open new doors for organized labor to begin to deal with the crisis of deindustrialization.

This article gives a basic outline of some of these programs and assesses their significance.

Keywords

Massachusetts, manufacturing, deindustrialization, Mature Industries Act, organized labor, labor movement, Machine Trades Action Project, MTAP, Economic Stabilization Trust, EST
At the core of labor's economic collapse of working and living conditions in Massachusetts was one or more phenomena, with the decades following World War II dropped significantly. First closings were recorded, and last year alone, more than 16,000 workers, and an estimated 300 closings and mass layoffs in Massachusetts suffered. These industrial dislocations were caused by the state's inability to organize labor, as nearly all of the state's major employers were union shops.

State government in Massachusetts has taken some of these problems very seriously, but efforts have been limited. Though still in the early stages of the process, Michael Schippani, a former executive at ACME, noted that the State of Massachusetts is making progress in addressing these issues.

* Michael Schippani, a former ACME executive for the State of Massachusetts.
At the core of labor's current crisis are deindustrialization, the economic collapse of major industrial cities, and the worsening working and living conditions of working people. Massachusetts was one of the first states to experience these phenomena, with the decline of its older industrial base. In the decades following World War II, manufacturing employment dropped significantly. From 1963 to 1978, more than 600 plant closings were recorded, with almost 150,000 people thrown out of work.

Last year alone, more than 160 plants closed, affecting nearly 16,000 workers, and an equal number were affected by partial closings and mass layoffs. Upon reemployment, dislocated workers in Massachusetts suffered an average 13% decrease in wages. These industrial dislocations had a disproportionate impact on organized labor, as nearly two-thirds of all the plant closings in the state were union shops.

State government in Massachusetts has finally tried to combat some of these problems with its Mature Industries Act, passed in 1984. Though still in their infancy, the programs initiated by

Michael Schippani, a former ACTWU organizer, is Assistant Secretary of Labor for the State of Massachusetts.
that legislation open new doors for organized labor to begin to
deal with the crisis of deindustrialization.

This article gives a basic outline of some of these programs and
assesses their significance.

The "Social Compact" Approach

Massachusetts' Mature Industries Act can best be described as
an alternative to traditional plant closing legislation while
providing a broad array of responses to the problems of industries
in trouble. The law does not pretend to increase state or worker
power to stop capital flight and plant closings. Instead, it provides
a base of public sector support for formal labor participation in
reemployment service and economic development.

After a 10-year struggle to win mandatory plant closing legislation
in Massachusetts, organized labor and its allies began to believe
that victory was at hand in 1984. Given existing conditions in the
state economy, legislature and administration, the timing seemed
right.

After labor sponsored several successful rallies and legislative
hearings, Rep. Tom Gallagher obtained support from a majority
of Massachusetts House members for a law requiring mandatory
notice, severance benefits and an industrial planning mechanism.
Advance notice would give local officials and organized workers
the time to save a facility or to plan for the local fiscal and
employment impacts of plant closings. Unfortunately, the bill
encountered major problems.

First, there was intense opposition from many segments of the
business community. The second problem was that of enforcement.
Maine, for example, had very low compliance with its two-month
notice law.

The administration of Governor Michael Dukakis made a
commitment to the labor movement that it would craft some
compromise between business and labor and enact it into law in
1984. The Governor's Commission on the Future of Mature
Industries was formed to achieve this goal and included represen-
tation from industry and finance, labor and community groups,
and state and local government. On a political level, the goal of
the group was to fashion a compromise between opposing
constituencies on mandatory notification.

It was labor that worked to broaden the vision to include a
practical, public response to the problems of industrial dislocation.
A caucus of labor representatives, state labor officials, academi-
cians, and friends from community groups and the legislature met
regularly to discuss ideas.

The caucus drafted proposals to promote economic and public participation. Many of the final Commission report,
into the Act.

In Commission deliberations of mandatory notice took form.
In return for various subsidies the employers would have to pl
severance pay and advance. Further, business interests and
a group health insurance for months. State supplemental
made available to workers.

This Social Compact has a new organizing tool. The
Compact took as its mark Opportunity (EEO) program,
commitments, and each and virtue of whether or not Communities and labor th
irresponsibility to organize at

heighten the visibility of the
majority of employers that it
basic standards required.

New

While there remains son conception of the Commission,
particularly with rega
to new initiatives have made th
and programs.

Worker buyouts, for example, are under consideration. The Mature Industries Act provides that is about to be sold.

A Massachusetts Product Development Act to stimulate and encourage t
products. To coordinate the created the Industrial Services

The caucus drafted proposals for new state initiatives that would serve to promote economic development through greater labor and public participation. Many of these proposals saw their way into the final Commission report, and various forms were incorporated into the Act.

In Commission deliberations, a new solution to the problems of mandatory notice took form—the “Social Compact” approach. In return for various subsidies offered through state government, employers would have to pledge to meet minimum standards on severance pay and advance notice in the event of a plant closing. Further, business interests agreed to an extension of mandatory group health insurance from one month after layoff to three months. State supplemental unemployment benefits were also made available to workers who lost their jobs.

This Social Compact has the potential of providing labor with a new organizing tool. The labor vision of implementing the Compact took as its marker the federal Equal Employment Opportunity (EEO) program. Like EEO, the Compact seeks signed commitments, and each and every employer can be judged by virtue of whether or not they agree to these standards. Communities and labor then have clear targets of corporate irresponsibility to organize around. A major marketing campaign, including advertising and speeches by political leaders, can clearly heighten the visibility of the program and persuade the vast majority of employers that it is in their interest to adhere to the basic standards required.

New Initiatives

While there remains some distance between the original conception of the Commission proposals and the actual implementation, particularly with regard to the Compact, a rich variety of new initiatives have made their way into Massachusetts policy and programs.

Worker buyouts, for example, are being explored in several ways. The Mature Industries Act gives priority to employees and to Massachusetts residents in providing assistance to purchase a plant that is about to be sold.

A Massachusetts Product Development Corporation was created to stimulate and encourage the development of new industrial products. To coordinate the variety of new initiatives, the law created the Industrial Services Program and an Industrial Advisory Board composed of business, labor, community and government officials to include a strait dislocation, academic, legislative, and organized workers plus non-organized community groups, level, the goal of its two-month period to be described as a new organizing mechanism, the timing seemed to lack legislative support from a majority of the legislature. The new solution to the problems of mandatory notice took form—the “Social Compact” approach. In return for various subsidies offered through state government, employers would have to pledge to meet minimum standards on severance pay and advance notice in the event of a plant closing. Further, business interests agreed to an extension of mandatory group health insurance from one month after layoff to three months. State supplemental unemployment benefits were also made available to workers who lost their jobs.

This Social Compact has the potential of providing labor with a new organizing tool. The labor vision of implementing the Social Compact took as its marker the federal Equal Employment Opportunity (EEO) program. Like EEO, the Compact seeks signed commitments, and each and every employer can be judged by virtue of whether or not they agree to these standards. Communities and labor then have clear targets of corporate irresponsibility to organize around. A major marketing campaign, including advertising and speeches by political leaders, can clearly heighten the visibility of the program and persuade the vast majority of employers that it is in their interest to adhere to the basic standards required.

New Initiatives

While there remains some distance between the original conception of the Commission proposals and the actual implementation, particularly with regard to the Compact, a rich variety of new initiatives have made their way into Massachusetts policy and programs.

Worker buyouts, for example, are being explored in several ways. The Mature Industries Act gives priority to employees and to Massachusetts residents in providing assistance to purchase a plant that is about to be sold.

A Massachusetts Product Development Corporation was created to stimulate and encourage the development of new industrial products. To coordinate the variety of new initiatives, the law created the Industrial Services Program and an Industrial Advisory Board composed of business, labor, community and government officials to include a strait dislocation, academic, legislative, and organized workers plus non-organized community groups.
representatives.

One of the most important new initiatives is a new quasi-public agency, the Economic Stabilization Trust (EST). Created to provide last-resort financial assistance to save jobs, EST was organized in a way that makes it the only state agency in the country that labor jointly administers with business interests. As a result, EST requires the use of social criteria to determine which troubled firms get public assistance. These criteria include the quality of the work environment and job stability, receptivity of management to labor concerns, and the social costs that can be avoided, including tax gains or losses and social welfare expenditures.

When a company is being considered for EST funding, management is expected to submit a comprehensive business plan that includes detailed analysis of its industrial relations policy. The number of jobs at stake and the wage levels of those jobs figure large in calculating the social and fiscal criteria for public investment.

Ultimately, the distinguishing characteristic of the Economic Stabilization Trust is that genuine labor participation exists both at the policy level and in day-to-day implementation. Unions are provided with technical assistance and a steady flow of information so as to maximize their role and power in combating the crisis of manufacturing on all its fronts.

A Role for Labor in Industrial Planning

Despite the array of tools and resources the Act made available to plant closing victims and manufacturing concerns in trouble, still lacking was a crucial mechanism to enhance labor’s power and ability to influence pro-active industrial development and planning.

The first obstacle that must be overcome involves the lack of respect for workers’ knowledge. Workers have no say in the long-term decisions which make or break their job prospects. They are expected to devote their time, energy and physical abilities to making the goods or providing the services that create profits, but are treated as part of the machinery when it comes to making vital decisions that affect their jobs.

Very often workers are the first to anticipate the difficulties their company is facing because their skills and experience provide them with precisely the right tools to analyze what is going on. These same skills and ideas hold the key to coming up with alternative policies which can save jobs.

The task is to provide workers and their unions opportunities to exhibit some control in economic policy-making accomplished only in the economy and with a put their industrial economy of the workforce.

Based on this analysis, tool industry in a region new projects in other it

The Machi

The Machine Trades A effort in economic deve-lization strategies for a continues to be a domi-

state.

The impetus for MTAP c a machine tool plant empl public sector resources sh workers could be adequate and training apparatus. It community nor state gove to stop the closing or employment opportunitie Further investigation s machine trades workers h period. MTAP was soon fo by the Franklin County C the state Office of Labor, l Workers (UE), the domina MTAP’s first steps were to do three research project employment status of some from the region; an assessr firms in the industry; and a the possibilities for attract The research showed that interested in the possibilities new markets for existing pr ability to move in that direc from outside the region exp tractors in Franklin County The detailed analysis of
to exhibit some control over economic life by developing expertise in economic policy-making at all levels. This goal can best be accomplished only in broad coalition with those who want a better economy and with a public policy that helps communities rebuild their industrial economies by fully utilizing the ideas and skills of the workforce.

Based on this analysis, a project was developed in the machine tool industry in a region of Massachusetts that has since led to new projects in other industries and regions in the state.

The Machine Trades Action Project

The Machine Trades Action Project (MTAP) is a labor-initiated effort in economic development planning. It generates revitalization strategies for a specific industry—machine tools—that continues to be a dominant employer in a specific region of the state.

The impetus for MTAP came when the Allied-Bendix Corp. closed a machine tool plant employing 200 workers. A survey of available public sector resources showed that only 2% to 3% of the affected workers could be adequately serviced by the state's employment and training apparatus. It was also painfully clear that neither the community nor state government were prepared to even attempt to stop the closing or to develop comparable replacement employment opportunities.

Further investigation showed that more than 2,000 other machine trades workers had met a similar fate over a five-year period. MTAP was soon formed, with critical leadership provided by the Franklin County Community Development Corporation, the state Office of Labor, and Local 274 of the United Electrical Workers (UE), the dominant machine tool union in the region.

MTAP's first steps were to hire staff and organize committees to do three research projects: an in-depth analysis of the skills and employment status of some 500 displaced machine trades workers from the region; an assessment of the business needs of over 20 firms in the industry; and a broader statewide survey to determine the possibilities for attracting new work to the area.

The research showed that a variety of machine tool firms were interested in the possibilities of product diversification and finding new markets for existing products, but did not have the time or ability to move in that direction. And, 40% of the firms contacted from outside the region expressed interest in identifying subcontractors in Franklin County to do machine work.

The detailed analysis of the nature of unemployment in the
machine trades showed the importance of a workforce-driven project. In a survey conducted by workers from the industry, it was found that after a five-year period only 60% of the survey group had found new employment, and only 13% of the reemployed had found new jobs in the machine trades. Of all those reemployed, the average wages dropped $2-an-hour or $5,000 per year.

Workers’ responses to questions about their work in the industry were significant. More than a third stressed a strong commitment to producing quality goods. Over half showed interest in skills upgrading programs to adapt to today’s job market. One of four expressed interest in pursuing new business start-ups as a way to deal with job loss. The workforce proved to be highly skilled in every aspect of metalworking and machine building.

The research results convinced public and private sector participants in MTAP of the value of incorporating the workforce in the economic development process.

A representative group of labor, business, public sector and community groups worked to develop a comprehensive plan for job retention and job development. MTAP’s first year concluded with a major conference, where elements of a plan for the industry were reviewed by more than 150 state and local officials and community representatives. The key features of the plan include:

— an Industrial Base Council where labor and management are joined in a debate over the future of changes in the workplace.

— linking eastern Massachusetts companies needing to subcontract with machine shops through a state-sponsored Buy Mass./Produce Mass. campaign.

— new product and market development.

— the development of an incubator facility for experimentation and small business growth development.

— marketing the labor force skills and production capacity of the area to potential investors.

— and, working with the state to promote the industry and its workforce in overseas marketing efforts.

Now in its second year, MTAP has pursued a three-pronged implementation strategy.

First, it is marketing the machine trades facilities, production capacity and workforce throughout the state and to several countries around the world. A skills brochure was developed by
The importance of a workforce-driven culture is evident in the machine trades, where only 60% of the survey participants rated their work environment as positive. Of those who did, only 13% of the respondents reported a strong commitment to the workforce. The commitment among those who did was strong, but the majority showed interest in skills development. A recent survey indicated that 60% of respondents were working in the industry, and only 13% of them were interested in training. Of all those who responded, about 2-an-hour or $5,000 per year is the average amount of money spent by the industry on training programs. The survey also found that about 40% of respondents had received some form of training in the past year, and about 30% of respondents were interested in training. The survey was conducted by the Workers Consulting Committee set up by a former staff member of UE Local 274.

The Needle Trades Action Project

Similar to MTAP, local unions and community representatives have played key roles in the development of the Needle Trades Action Project (NTAP) in the apparel industry of southeastern Massachusetts. NTAP, which began in June 1985, brought together local employers, unions and community representatives to analyze the strengths and weaknesses of the local apparel industry. In recent years, international competition, technological changes and fluctuating demand have dramatically increased unemployment and underemployment in the industry. Approximately 40% of the local workforce—which is predominately female and Portuguese—is still concentrated in the needle trades.

The NTAP Board is composed of both major unions in the industry—the Amalgamated Clothing & Textile Workers (ACTWU) and the International Ladies Garment Workers Union (ILGWU)—as well as several employers, local and state representatives, and community-based organizations. In addition to the Board, there is a sizable Workers Consulting Committee that participates at all levels of the project.

NTAP is currently considering a number of innovative proposals to help strengthen employment in the industry. It's looking at:

- Establishing a pool of funds for upgrading equipment in the industry. (The aim is to capitalize a revolving low-interest loan fund through contributions from local banks and credit unions.)
- Sharing the costs of needed technical services that could help
firms in every aspect from cost controls and pricing policies to redesigning factory floors.

—Developing multi-skill training programs for the vast pool of underemployed apparel workers.

—And, providing bilingual child care assistance to the workforce.

Conclusion

The work of MTAP and NTAP remains very modest in scope and size. Less than $500,000 has been spent since June 1984 on the whole effort, and there is only marginal bureaucratic clout behind the program.

Experience with every kind of economic institution tells us that the planning function must be directly tied to the political power from which it derives, or else it remains marginal and ineffective. MTAP and NTAP must now struggle to hold the government accountable to integrate and help manage the various parts of the projects' long-term planning efforts.

These projects are innovative in several important respects. First, by focusing on job retention and creation rather than on post-dislocation services, the projects represent a departure from traditional government responses to economic dislocation. Second, they involve a very high level of genuine workforce involvement. Third, the projects represent a creative collaboration at the local level of management, labor and community representatives and between state and local government.

Also significant is the willingness of state and local policymakers and representatives of unions to explore innovative ways to manage economic readjustment and growth. Recognizing that traditional economic development tools, such as tax abatements and low interest loans, do not meet the job quality standards of labor, MTAP and NTAP are proving that economic development strategies can integrate and build upon the skills and experiences of the existing workforce.

Workers and employers still have conflicts, and different firms compete against one another for contracts. But the TAP model is helping those directly connected to an industry and region find mechanisms for cooperation.

Does this type of activity contribute to labor's ability to more effectively respond to the crisis it faces? The answer depends on the extent to which the activity is a component of a coherent strategy that leads to enhancing labor's power to challenge corporate investment, production and job creation criteria. The
crisis is deep and far-reaching, and many of the immediate answers are out of labor’s control.

Current policies of pushing wages down, enforced through market competition, have reinforced a fact long known by industrial workers and soon to be learned by political leadership: there exists a crisis of management in America. The main cause for the continuing decline in manufacturing employment is not the cost of labor, but the failure of management to respond to growth trends in the marketplace and to create flexible systems that can efficiently adapt to change. Furthermore, the ideological bias against social justice and workplace democracy serves to deepen management’s psychosis.

By and large, the immediate power to restructure mature industries has been in the hands of private companies. But, as this issue of Labor Research Review shows, some unions have developed fresh forms of action to face the crisis of industry. Their struggles have as their common theme early warning, public investigations and analyses, and the creation of alternative plans. They have emphasized the involvement of workers and their communities.

These new kinds of trade union and community initiatives have come up against limitations through lack of political support. It is a new development in economic strategy for a local or state authority to base its industrial policies on support for the inclusion of labor initiatives. Normally resources and power to plan have remained in the private sector with the support of a centralized state bureaucracy. Corporations resist public discussion of their long-term strategies and day-to-day operations as threats to their managerial autonomy. And, the centralized public bureaucracy often follows the corporate model.

The aims of an alternative—better wages and conditions, greater social control within the industry and enterprise, equal opportunities, and socially useful production—require us to address the industrial changes taking place. What is needed is a new type of alternative strategic planning that takes the market into account not as a determinant of what is produced and how, but as a political force. Unions should take on the issues of work quality and how capital is to be invested.

As the American workforce is radically transformed in response to new technology and changes in the mobility of capital, a strong labor movement is crucial to defend decent wages and to try and manage the changes. A series of experimental policies and programs need to be created that can represent important steps toward democratizing relations between labor and capital.