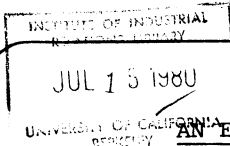


LABOR CENTER REPORTER

BERKELEY, CA 94720
(415) 642-0323

UNIVERSITY OF CALIFORNIA, BERKELEY
CENTER FOR LABOR RESEARCH AND EDUCATION
INSTITUTE OF INDUSTRIAL RELATIONS (B)



Number 19
June 1980

AN ECONOMIC PROPOSAL FOR CALIFORNIA

One of the surprising aspects of our current stagflation is that very few (if any) alternative economic policies are being actively discussed. One reason is that antidotes strong enough to change the course of stagflation may also involve difficult political decisions--like controls on prices, or limits to the export of capital, or nationalization of the oil industry or health care, or administrative rationing systems to replace the price rationing system.

Another reason is that the key economic policy decisions are thought to be monopolized either in Washington, D.C. (especially by the President and Federal Reserve Board), or elsewhere in the world (especially by the multinational corporations). Apathy thrives on the belief that it is difficult or even impossible to exercise much influence on economic policy from California.

Fortunately there is at least one group--the Northern California Coalition for Full Employment (or NCCFE)--interested in a more positive approach to our stagflation problems. The Coalition believes not only that apathy about our lack of influence can be overcome, but also that there are viable economic alternatives at the state level. The Coalition insists that as Californians we can and must assume more responsibility for developing economic policies that enhance our environment and also give us fuller employment, more balanced growth and greater price stability.

1. Who is the Coalition and What is it Promoting?

The NCCFE, which grew out of earlier efforts to pass the Humphrey-Hawkins bill, brings together a wide variety of California's labor, religious and environmental groups, plus organizations representing women, communities, professionals, the disabled, and others. Unions which have been active since last October in formulating the Coalition's economic proposal include AFSCME, BRAC, ILWU (especially Local 6), OCAW, OPEIU (Local 29), Retail Clerks (Local 1100), SEIU (Locals 250, 400, 535), Teamsters (Local 85), TWU, UFW, and UAW (OJT Program).

NCCFE calls its program the California Full Employment, Balanced Growth, and Price Stability proposal--and it is based on economic and environmental planning. We can't be guided by the "invisible hand" of Adam Smith, says the Coalition, because we don't have the kind of competition Smith thought was inevitable. Instead we have the kind of multi-national monopoly he thought was impossible. And the corporations cannot give us the kind of planning we need, because they are organized to serve the financial interests of their stockholders, not the long-run economic and environmental interests of all our people.

The Coalition therefore proposes a centralized Council of Economic Advisors to formulate a long-term development plan for the state, and a series of ten regional planning agencies to provide inputs and to administer the state's economic/environmental plan. The people in our communities would be involved in the planning process by electing representatives to the regional agencies. The Coalition proposal encourages current efforts to establish a housing program in California, and favors the development of new financing mechanisms both for housing and for community facilities and development--including the increased use of pension funds for these purposes.



More than anything else, however, the Coalition calls for land use and water planning in California. We need to lay out and to plan the new cities and towns of our future, says the Coalition, to provide affordable housing, to preserve the maximum amount of farm land and open space, and to relieve overcrowding in large cities. And we need to develop a state bank to coordinate the long-term use of investment funds, including pension funds.

To alleviate the problems being inflicted by stagflation, the Coalition calls for economic dislocation benefits for workers and for communities in need. These would include pre-notification of plant closures or cut-backs, special community efforts to avoid unemployment, preference for re-employment and/or retraining for laid-off workers and for affected communities.

Finally, the Coalition recognizes that the current "anti-inflation" policies of the Carter administration can lead from recession to depression in our labor markets--and, in the worst case, can do so while inflation continues. Therefore, the Coalition calls for implementation of a five-year schedule of reductions in the work day and the work week--down to the seven-hour day and the 35-hour week--in order to share the burden of unemployment more equitably in this state.

2. Editorial Comment on the Coalition Program

Both in England and in Washington, the misguided effort to fight inflation by creating more unemployment is already leading to the "worst case" of more inflation along with more unemployment. In California, the impact of this right wing economic experimentation may be magnified by the potentially adverse impact of Proposition 9, on both employment and economic activity.

The Coalition's proposals provide a thoughtful first step toward a plan to address major economic problems in our own state--a plan which could be fully accommodated within existing institutions. There is no inevitable conflict between economic planning and free enterprise. The only real questions about planning are who will do it, and can it be structured to serve the economic interests of the majority, instead of the special interests of the usual economic elite groups. It is time to raise these issues in California, as the Coalition has done, because there is reason to be concerned about the kind of economy and the kind of environment we will have in the future.

(NOTE: Copies of the draft proposal of the Northern California Coalition for Full Employment, entitled "California Full Employment, Balanced Growth, and Price Stability Proposal" are available and will be forwarded by our office on request.)

- Bruce Poyer

This article does not necessarily represent the opinion of the Center for Labor Research and Education, the Institute of Industrial Relations, or the University of California. The Reporter's Editorial Board is solely responsible for its contents. Labor organizations and their press associates are encouraged to reproduce for further distribution any materials in these reports.