Exploitable' Utah Vulnerable to Corporate Irresponsibility

By Warner Woodworth

The announcement by Kemncott executives that 2,000 mine workers would be laid off created economic development officials flat-footed. They apparently had not been so shocked since IML Trucking announced three months earlier that it was completely shutting down, obliterating 1,000 jobs.

Geneva Steel workers in Utah County were next, and what the S. Steel plant goes threatening a total shutdown, public bureaucrats again express surprise.

The devastation of events such as these is exceeded only by the insensitivity arrogance of the experts who rush to the news media, announcing that the situation is not a major problem and will not significantly affect the local economy.

This theory that the employment slack will be picked up by new business growth in Utah ignores the personal pain, financial anguish, and social dislocation which occurs in the lives of thousands of individuals, workers and friends affected by disappearances.

The Utah experience with large corpora-
tions parallels similar problems of economic dislocation. International com-
glomerates shift their strategies after years of colonial practices, abandoning workers and decimating local communities.

From the perspective of Wall Street, Utah is seen as a mere banana (or mineral) republic to service the basements of corporate finance. Kemncott has been grinding down the once-beautiful Ouray mountains for decades, defoliating vegetation, and driving out billons of dollars. Eventually, we will be left with a dump of waste material and a gigantic hole in the ground. Such corruption is comparable to multinational exploitation of Guatemala, Zaire and the Carribbean.

Utah is increasingly taken as the appearance of a cash cow and corporate owners come to milk. When the cow is dry, Utah is abandoned as corporations move on to other regions in the search for natural resources, cheap labor markets and an easy sale.

There is very little commitment to stay with the cow when things get tough. Corporate executives are expert at maximizing profits and not interested in nursing the cow back to health or improving the conditions that make it profitable.

The response of Utah economic development officials to shutdowns and massive job losses is curious. Several myths seem to underlie their thinking.

Myth No. 1 implies that Utah is doing just fine. They know, and that a status quo position will bear fruit in the long run. If it ain’t broke, why fix it? is the common version of this view. Such a stance betakes the employment pressure of reality. In fact, Utah is in serious economic difficulty, suffering from one of the lowest per capita incomes in the nation.

Utah County now has a national reputation as one of six regions in the country where actually lost income is exceedingposting an overall wage increase. The poverty rate for Utah as a whole is now 13.2 percent, which represents over 200,000 residents trying to survive below federal minimum levels.

Over the past four years, what seems to be happening in Utah is the "Utah Syndrome," which is contagious to other areas. Many outside firms openly admit their motive in moving to Utah is the availability of a large labor pool in whom they need to do business with in hand, waiting to be paid minimum wages in exchange for a strong work ethic. A "loyal" and exploitable" are the code words.

A second myth is premised on estimates that Utah needs 12,000 to 18,000 new jobs annually. This is an underestimate; development officials should spend all their time, energy, and budget earning and nurturing these new jobs.

For instance, in Ogden, Kimberly Clark will build a diaper manufacturing facility, but its size is contingent on how generous the state is in granting various tax concessions made up by public taxpayers. Admittedly, new jobs are part of the package, but such massive economic decisions may be making our society in the process. While some of these projects may prove beneficial, alone they are not sufficient as an economic strategy. Whether or not they are cost effective is debatable. And our third-world status keeps us vulnerable to the first.

Since Standard Oil of Ohio acquired Kemncott in a 1981 merger, instead of preserving or increasing jobs, some 3,000 jobs have already been slashed. Now 2,000 more are disappearing. In the same time period, U.S. Steel cut approximately 2,000 workers from its Geneva work force, pleading it was strapped for cash while the firm spent $6 billion to buy Marathon Oil.

A third myth in Utah which dominates much of the rhetoric and strategy is that state economic officials is that high technology will save us. Nationally, the evidence is not convincing.

Companies like Atari lost over $500 million last year while computer firms like Osborne and Franklin have gone bankrupt. The state of Massachusetts reports a slowing of high-tech job growth as successful firms shift jobs overseas. The long-empty and useless ADS facility standing alongside I-15 south of Salt Lake is a silent testimony to the sandy foundation of a high-tech economy.

Yet like the current movie, "Ghostbusters," many public officials chase the elusive phantom of job security with high-tech weapons while jobs continue to disappear due to a lack of concern.

Rather than playing out fantasies that distant conglomerates and high-tech industries will be the solution to Utah’s economic problems, other tactics need to emerge more forcefully.

1. State officials must become proactive rather than reactive in their view of industrial decline. They should either develop or hire expertise in job retention as a priority, not simply job creation. They need to avoid being seduced by promises of new business and, instead, create a comprehensive regional approach for economic revitalization.

2. Institutionalized offshoots of state and local government need to become more creative and aggressive in policy formulation in improving workplace productivity and the quality of working life.

Research shows that area labor-management cooperative organizations can be powerful mechanisms for reversing the plight of threatened firms, saving thousands of jobs. It is time for dramatic success stories to upstate New York and western Michigan.

3. The Legislature can explore new, yet acceptable, approaches to mitigate against the devastating impact of plant closings. Some two dozen states are debating legislation requiring firms to give two months’ notice to two years’ advance notification in cases of impending shutdown. Maine and Wisconsin have laws on the books mandating a 60-day notice and assessing standards for severance pay.

Kemncott’s June 20 notice that 1,800 workers would be laid off July 1 is only socially irresponsible, but immoral. Ten days warning is not an adequate time frame to enable workers to find new jobs, sell homes and retain personal credit.

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