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Discussion

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## Discussion After the Speech of Stephen L. Schlossberg

QUESTION, *Professor King*: What is the government's role in developing this approach?

ANSWER, *Mr. Schlossberg*: Government has a terrific role to play. First, it must provide more leadership in education. The United States has to put resources toward education because we are in deep trouble. The government needs the help of private institutions, business and unions in developing an educational strategy. Businesses must invest in training and make capital available for research and development. In turn, the workers must be willing to help those businesses investing in them.

It does not matter whether the workers have money from Europe or the Far East; it is better than the current practice of financing our country entirely by purchasing government securities for these people and borrowing money. The United States could begin by making capital available to help businesses train workers. This would involve tax expenditures as well as outright government grants.

We should be realistic about training and take a tougher stance if a country in a joint venture situation will not let our people in, only using our technology until the joint venture has terminated.

QUESTION, *Mr. O'Grady*: Are you advocating that the U.S. government should financially pose a safety net sum of unemployment insurance in Poland for the next ten years?

ANSWER, *Mr. Schlossberg*: No. The World Bank has already set aside \$ 1.7 billion to assist Poland. One thing that is favorable for the East is that it has been fashionable to work there. These are exciting opportunities, and people are happy to see these countries newly emerging as democracies.

Poland is quickly advancing toward a free market economy and needs to provide social safety nets. Poland needs to know how to keep productivity statistics and how to run a labor market. They will learn from the world, maybe from us.

When ideologists start to tinker with a system from scratch, they try to create a Garden of Eden. The free market is great for productivity, value, quality and process, but it will not take care of the sick, the elderly and the young unemployed people. I am not proposing that the United States do this, but to help Poland in any way it can. It seems best to invest in Polish businesses.

The ILO has the technical ability to go in and help them set up a Social Security system. The ILO can also set up a labor code based partly

on U.S., Canadian and Western European models. The ILO has all of these statistics.

**QUESTION, Professor King:** One result of the end of the Cold War, if it is the end, is that the United States has had this huge defense establishment. Do you see any direction that the government should take as we move from the Cold War to a more secure peacetime economy in terms of the human resource dimension?

**ANSWER, Mr. Schlossberg:** Yes, I think the reconversion to a defense economy is very important.

Many people have been working on reconversion, not only in this country, but all over the world. Whenever somebody would mention it, the ILO would respond, "Well, it is not appropriate to talk about it right now." Now it *is* appropriate to talk about it. The problem is how to change industries that make swords into industries that make plow shares. It can be done and it will be done.

I am particularly excited about the opportunity for research and development. The government has not done enough in this area to encourage engineering specialists and management in universities as well as business and the training of workers. Thus, the research and development money that went into these terrible weapons can now be well channeled into peaceful pursuits.

The infrastructure in this country is in terrible shape, as I assume it is in Canada, and as I know it is in other countries. We need construction, factories and all kinds of machinery. There are plenty of things we need if we have the capital to do it. The government has a responsibility to make more and make it easier to finance and encourage these efforts.

**QUESTION, Mr. Harvey:** What is your view of national industrial policies in Japan and the comments of leading commentator Robert Rise, that the United States should have a U.S. policy?

**ANSWER, Mr. Schlossberg:** I think he is abandoning that idea for a new theory. At one time I thought that a national industrial policy would be a good idea. I now think perhaps it is not. Japan has been very successful with national economic planning, but I do not believe we have that kind of discipline here.

For instance, if Ford had developed a rotary engine at the outset of the Arab oil boycott, the rest of the automobile companies could not be induced to help save for it. We would not have made bank loans available to Ford at one half of one percent as they did when Mazda made that same mistake.

For example, Bridgestone is doing many important things in this country, such as providing jobs, people and training. It does not matter that Bridgestone/Firestone now has Japanese stockholders. We have an obligation to work with these companies because they are making a contribution to society. That is the kind of industrial policy I would like to see, rather than the concentration on high-tech development for

automobiles. I do not believe the government is smart enough to do that. Most economists are not as smart as the Polish economist I told you about.

**QUESTION, Professor King:** Do you see need for any further institutions that could incorporate some of the ideas that we have been talking about?

**ANSWER, Mr. Schlossberg:** We need some new institutions. We need a regional trading system that will go beyond the United States and Canada: to Mexico, for instance. American unions are nervous about that, but we need to form a block that will guarantee some kind of stability to this hemisphere and Mexico is a part of this hemisphere.

It is not possible to have enough policemen to patrol the border between the United States and Mexico. We have had some success in putting restraints on employers who hire illegal aliens. The easy approach is to not hire any Hispanics, but that presents all kinds of problems. Actually, we have to look at ourselves as a combination. If forming new regional blocks requires a new institution, then we ought to have it, and it should relate to the European, Japanese and Korean markets.

I am disturbed by some of the things they do in Japan, not but because they are Japanese. If *any* country is going to exclude our business or people or products, whether it is a television product or manufactured product, we ought to insist that the trade be managed fairly and freely. However, a country cannot do it by itself. Everyone must cooperate.

**QUESTION, Mr. Morici:** How can manufacturers counteract the American consumer's preference for buying Japanese products?

**ANSWER, Mr. Schlossberg:** Ben Bidwell of Chrysler Corporation made a speech recently, and he said that there is a feeling among some of the press and the population that anything made in Japan is better than anything made in the United States. That is prejudice. The Japanese fought for many years in this country against the prejudice that anything made in Japan was no good.

Now, we are fighting that in many of our industries here regarding American made products. For instance, there is only one factory in the whole United States that makes televisions: Emerson. It employs about, 1,500 people, but there may be 8,000, to 9,000 people employed by Japanese companies in this country who are making television sets. Does that mean that this money and these jobs are not any good? It is a prejudice that runs both ways.

**QUESTION, Mr. Rusak:** What are the new challenges for the ILO with everything else that is going on in the world?

**ANSWER, Mr. Schlossberg:** That is a good question. It is going to be a whole new ball game because we used to be on an ideological battle ground. I think our American supporters will see that the ILO is as important as it ever was.

For instance, the resolutions committee for the last three confer-

ences has not produced a single resolution because it has been procedurally tied up with whether the Arabs and the Soviet block could condemn Israel.

Last year's conference president was from Africa and he asked the previous year's president, who was an East German government official, "We have this terrible problem with Israel, the United States and the Arabs, what we can do?" The East German said, "Well, I want you to know that we take a position against Israel and for the Arabs, and we think the United States is wrong. However, we are also concerned about Third World debt. We are concerned about the environment. We are concerned about other things in the ILO that effect the whole world, not just that little part of the Middle East. So, that should not be first."

Now, in plain language, what he said was, forget about it because if you put something else first, you will never get to it. We could detect that change coming. If the Cold War is really over, we can work on human rights. We just begged the Sudan not to execute a physician because he joined a picket line. He saved the lives of the two employer representatives and the Sandinistas that they were going to execute last year. So, human rights violations are always occurring somewhere.

We should be concerned with the prosecution of ethnic minorities. Eventually the Arab/Israeli problem will resolve itself and we are going to have to worry about how the Israelis, in a parochial religious state, will accommodate the Arab citizens that they must work with the next day. Eventually there will be peace in the middle east because there is no other answer for it.

South Africa will make enough progress so that it will come back to the ILO. I think it will begin to make progress toward better equality and freedom so that the trade unions will play a tremendous role there. The trade unions which have contact with other trade unions all over the world may be the only thing that can save that country from a terrible blood battle.

We will have a tremendous challenge with the Eastern European countries. We can serve as a coordinating agency. We now work very closely with the World Bank and the Inter-American Bank on many of these issues. Most of them are off-budget because we are told that we should always remain at a zero-budget. We receive money from the World Bank and the Inter-American Bank to pay ILO technicians to go in and do our work.

The ILO will have a peace dividend, just like the country will. That peace dividend will allow us to do our job as long as there is inhumanity, brutality, drought and starvation in the world. There are plenty of reasons for nations to get together and use organizations like the ILO and other union agencies to move in that direction. I do not think our American friends will leave us when the Cold War is over because the War will just take a different form. It will become a war by humankind against ancient enemies, pessimists, famine, brutality and the ugliness of exploitation.

