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Detroit [MI] Economic Club 3/13/92 [OA 7570] [3]

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G	26	22	3	7

THE WHITE HOUSE
WASHINGTON

3/14

JD Foster

oil prices DOE
Dave Haspell
economic modeling

---

manufacturing #'s
as a share of GDP go
back to 1989
#'s are not good
as new as data gets—
nothing recent as 9/11 pros.
Mining breakout
& more hasn't sent #'s

To JEANNIE

Date March 9 19R Time 4:15 p

WHILE YOU WERE OUT

M Sto. Keitz

of

Phone 377 0554

Area Code Number Extension

TELEPHONED		PLEASE CALL	✓
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message

Operator

AMPAD EFFICIENCY®

23-021 CARBONLESS

Japanese Command would relax restrictions of #3 cars allowed on cars

Call Michigan → [Elroy / or Sarah?]

9 March 1990
DETROIT ECON. CLUB

Marjory E. Searing
Dept. Asst. Sec. for Japan
14th & Const
Rm. 2318

USTR
DAVID WALTERS
3583

J.D. Foster
working on it
now @ USTR
Harry Broadman
5084

URGENT RESEARCH FACTOIDS

A stats on mfg as % of American economy -- perception seems to be it is declining. Seems to me I heard mfg share is growing.... Which is it?

manufacturing

B Stats on mfg sector: number of jobs it supports, percentage of GNP it accounts for -- any other relevant stats.

GDP

TOMAN on maternity leave

C Call Mary Tomsa at Commerce for stats/info on recent trade agreements regarding American autos/auto parts in Japan....

Marge E. Searing 377-4527 (COMMERCE) — Allison Roche - specialist

RICHARD - SENATE (NEVADA) D

D Basic info on the Bryan(Byron?) bill -- to mandate stricter fuel emission standards....

Beverly?

DAVID TAYLOR 4790 OMB-LEGIS

S1224 (CAFE)

INTRO FEB 91

FREE STANDING BILL

Katherine

has not introduced yet according to Legis on the Hill

S.A.P.

USTR

Kathy Hutchinson

377-0823

PINK 336-7180
Michelle
(one company)

Henry Misisco
Dir. Auto Office
(377.0554)

vague perception on part of individuals
mtgs going much better than expected post visit gave an edge

Stu Keat
Dept. Dir.

Johnny Burman

- press releases from big 3 -
- no positive fallout stats/team 4 yrs.
- no contracts - sales down 4-5 yrs.

NO SAPS

1986 program has produced results
yearly incremental changes

Japan Corporate program - boost sales of Indiv. companies

[autos/ auto parts 3/4 of trade deficit w/ Japan]

President's trip allowed us to get
Aiwa / commitment
study problem effecting auto sales
joint document
help in negotiations

Second half yr.
market orientation plan
auto parts deficit has gone down
tough issue
politically can't ignore
no comm. on share in U.S.

[Mage:]

too early to see results →

case of autos - auto industry went home not thinking, that could do more - thought trip with white house step in process

private sector side → Japan agreed to work as US ant nation to expose auditor - access

up until now 90% there, 10%

- general recognition work & privat sector & private sector is the thing to do

JFTC - study of auto dist. to identify what the barriers are - we have really benefited from that studies
not a trivial commitment

outward, real impediments to access - dual dealerships - Jap. manufs removed the requirement

auto parts side JFTC study committed - look @ manufacturer and after purchase - voluntary plans (company not govt)
$10 million additional - $ buy more in US not export & help to depict

Services of Mead Data Central, Inc.

2ND STORY of Level 1 printed in FULL format.

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The Ottawa Citizen

March 1, 1992, Sunday, FINAL EDITION

SECTION: ECONOMY; (BUSINESS); Pg. E5

LENGTH: 941 words

HEADLINE: Ford Taurus plant in Atlanta so efficient that the Japanese tour it for hints

BYLINE: DON MELVIN; FORT LAUDERDALE NEWS & SUN-SENTINEL

DATELINE: ATLANTA

BODY:

If American workers are unproductive and unmotivated, as Japanese politicians seem to believe, why do so many Japanese automakers visit the Ford Taurus factory in Atlanta?

To learn about efficiency, that's why.

Welcome to the auto plant that has been rated the most efficient in North America, one of the most efficient in the world. Here, a new car rolls off the line for every 17.6 hours of work, according to a study by the Massachusetts Institute of Technology. That's about half the labor it took to produce full-sized Fords and Fairmonts at the same factory in 1978.

By contrast, the study found that an average General Motors plant produced a car with 27 hours of labor. An average Japanese plant in Japan takes about 17 hours of labor to build a car, but the Japanese have not transferred that success to the United States. The average Japanese-owned plant in the United States uses 21 hours of labor to assemble a car.

So Japanese auto executives visit the Atlanta plant in droves to find out how the efficiency has been achieved. In the past two years, delegations from Nissan, Yamaha, Honda and Mazda have toured the factory, some of them several times.

They see a plant where robots attack car frames like awkward, long-necked birds to weld the side panels in place. They see an assembly line that brings the car to some workers in the air, so it's easier to reach and workers don't hurt their backs.

They see management-union co-operation unheard of a few years ago. And they see workers motivated both by pride in their work and fear of joblessness -- and deeply resentful of Japanese attacks on their abilities.

"I tell you, I really get angry about it," says Fred Bates, a 26-year employee, as he paints stripes on the sides of cars. "I think we're really hard-working people."

"Their politicians are probably like ours -- they don't know what they're talking about," says Freddie Say, a repairman who checks the cars at the end

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of the assembly line.

Say, a 27-year employee, says working conditions in the factory have changed in the last few years. "Management does listen to us now. There's good co-operation -- that's the key to what we got going here."

Things were not always this way. As late as 1986, it took almost 26 hours of labor to build a Ford Taurus here. And even that represented an improvement over earlier times.

The roots of the change are in 1979, when the second shift was laid off. Half the plant's 3,800 workers lost their jobs. It would be 1984 before most were rehired, and that, according to management and union officials, made employees understand the seriousness of the competition.

"They realized we're under threat," says plant manager Bob Anderson.

"We realized, to be competitive, we had to reduce our role," says J.C. Phillips, chairman of local 882 of the United Auto Workers.

The plant never again employed as many people. Yet productivity increased.

In 1979, with 3,800 hourly employees and 500 salaried people, the factory produced 50 cars an hour. Now, with 2,450 hourly and 218 salaried employees, it produces 65 cars an hour.

Part of that is the result of a $ 250-million modernization in 1985, when 100 robots were added to the existing 13. Other efficiencies were added, as well. Cars are painted with their doors on, then the doors are removed as the car moves through most of the rest of the assembly line. Workers can reach inside more easily, and the doors get dinged less often. The doors are mated with the same cars near the end of the assembly process.

But robots and plant design are only part of the story. Another is the new relationship between management and workers.

When Anderson became plant manager in 1987, he eliminated the management dining hall; managers now share the workers' cafeteria. He declined to wear a tie. He spent more time in the plant than in his office. The moves were designed to break what he called "that invisible glass wall" between workers and managers.

Specific groups of workers are now responsible for specific parts of the car; the sheet metal, for example, or the paint, or the glass, or the interior trim. When complaints and suggestions come in from customers, they are routed to those workers. When those workers suggest solutions to problems, management listens.

For example, the plant used to have to refit a number of tailgates on station wagons, and managers didn't know why. A worker suggested that the tailgates be held in place by a heavier gauge aluminum as they went through the body process that makes them rigid.

It worked. The Atlanta plant adopted the process, as did the Taurus plant in Chicago. The worker was awarded $ 1,300.

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That is a dramatic change from the old worker-management relationship, says Phillips, the union chairman. The attitude used to be, "You work for me, you do like you're told," he says.

Union and management officials say the quality has improved as dramatically as the productivity.

For his part, Phillips acknowledges that in earlier days the union did not trouble itself about quality.

"As little as 10 years ago, if you mentioned quality at the union meeting, they'd have run you out," he says. Now, quality is discussed at every meeting.

Workers even go to dealerships to interview customers about what they like and dislike. And they are fiercely proud of what they are accomplishing.

"We might be fat but, as you can see, we're not lazy," says Bearl Hand, a 24-year employee, as he performs welds on a series of cars moving past. "We build this car with pride at this plant. We build the best car in the country right here."

GRAPHIC: 17.6 hours to roll off line

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4TH STORY of Level 1 printed in FULL format.

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ABC NEWS

SHOW: BUSINESS WORLD

February 9, 1992

LENGTH: 4013 words

BODY:

STEPHEN AUG, ABC News: Welcome to Business World. I'm Stephen Aug and here's what's on this week's agenda. [voice-over] Productivity: are the Japanese really better workers than their U.S. counterparts, or is that just a myth? What does it mean to the bottom line? And "Buy American": is there a backlash against Japan? Are the Japanese becoming the best salesmen for American cars? And on Capitol Hill, the tax talk heats up. This week's Business World guest, Senate Majority Leader George Mitchell. And buying foreclosed homes: if the deal sounds too good to be true, it probably is.

ANNOUNCER: From ABC News, this is Business World. Now, from New York, here's Stephen Aug.

AUG: In this election year, politics and economics are virtually inseparable. This week, more evidence of economic stagnation. The January unemployment rate continued at 7.1 percent. The political battle is already underway over how best to stimulate the economy and put Americans back to work. On Capitol Hill, duelling tax cut plans. Republicans are lining up behind President Bush's call for a capital gains tax cut. And for the Democrats' agenda, we turn to this week's Business World guest, Senate Majority Leader George Mitchell of Maine, who joins us from our studios in Washington. Senator, economists on both sides, both Democrats and Republicans, question why we need a tax cut now. They say the economy might even be hurt by one, so why go ahead with it?

Sen. GEORGE MITCHELL, Senate Majority Leader: I think it ought to be included as part of a more comprehensive economic recovery program. I think there's been a mistake in focusing entirely just on a tax bill as the only component for recovery. That's a short-term view. We ought to be looking also toward the investment necessary for sustained long-term growth in the future.

AUG: Well, let's talk about investment for a minute. The administration has its own idea of an investment tax plan. A lot of industry wants an investment tax credit. How do you feel about that?

Sen. MITCHELL: I favor that. I spoke in favor of that last year and again this year. I think it ought to be temporary, but it will, I believe, encourage investment in new plant and equipment and therefore, I believe, should and will be adopted.

AUG: What's the likelihood of the capital gains tax cut?

Sen. MITCHELL: The President's plan certainly won't be approved. A very interesting thing has happened, Steve. In his speech, the President said he favored a tax cut for the middle class. But the President's bill, as introduced by the Republicans in the House and Senate, doesn't include a tax cut for the

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middle class, and so we have a real question now. Should we consider the President's speech or the President's bill, because they're different? I think that it has to be part of a broader approach on taxes that must include tax reduction for the middle class, because if we don't have that component, then this would be further skewing the tax system in favor of those at the very top of the income scale.

AUG: You've opposed capital gains tax cuts consistently in the past. The middle-class tax cut we keep hearing is maybe a $500 credit of some kind, which doesn't seem like very much - you're talking about around a dollar a day or something, and hardly anybody's going to notice that.

Sen. MITCHELL: Well, $500 might not seem like much to you or to me, but I think it is quite a bit to people who are working Americans who would benefit from it. Secondly, if I might just correct something, I haven't always opposed a capital gains tax cut. Indeed, in 1986, when the major tax bill was being considered, I offered an amendment to the tax bill to retain the capital gains tax differential, and the Reagan-Bush administration were opposed to it. That is, they wanted to abolish the capital gains tax differential, and Republican senators then criticized the capital gains differential as wrong, unfair for the economy. Their position now is a complete reversal. I said then, I say now, we should have a differential provided. It meets certain criteria. It ought to be part of a fair and balanced and progressive tax structure. It ought to be properly targeted to create jobs, and it ought not to bust the federal budget deficit.

AUG: All right. Briefly, if you were to agree to some kind of capital gains differential, very briefly, what would it be and what would the payment be for it, essentially?

Sen. MITCHELL: I'm sorry, what would the payment-

AUG: And what would the payment be to get it?

Sen. MITCHELL: Oh, I think that there ought to be an increase in the maximum marginal rate on those at the very top of the income scale - those making more than $200,000 a year, who would be the principal beneficiaries of such a cut. That's what I think, and I think we should have a differential between taxation on capital gains and taxation on ordinary income.

AUG: All right. Now there's an old saw called the law of unintended consequences, and people say that- We interviewed an industrialist out in the middle west who said he did a survey of his customers, who said they're waiting for an investment tax credit to come along, and then they'll have orders. So the longer Congress talks about it, the longer we stay in this recession. What about a deadline on behalf of the Democrats?

Sen. MITCHELL: We're going to act promptly because it's the right thing to do. If you talk about delay, I would point out that for 18 months, President Bush denied that there was a recession. He said, "There's no problem, so there's no need for a solution." When he finally agreed that there was a problem - it was then obvious to everyone else in America, of course - he then asked that we in the country wait three months while he figured out what to say. We've now had the President's bill actually introduced just a day or so ago, so we're going to act very promptly. The committees are going to have hearings and mark the

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bill up next week. We expect to be acting in the House a week or two after that, and in the Senate thereafter. This is very prompt action. The long delay has been caused almost entirely by the President's first denial of the problem, and then lengthy delay in trying to figure out what to say.

AUG: Well, Senator, thank you very much. We'll leave it right there.

Sen. MITCHELL: Thank you.

AUG: And in a minute, turning the tables on productivity. New evidence puts U.S. workers ahead of the Japanese.

[Commercial break]

AUG: Almost every day, it seems that another Japanese politician bad-mouths American workers and American productivity. But on Friday, Japan's own labor ministry reported that by some measures, U.S. workers are more productive than their Japanese counterparts, and some U.S. firms have been hard at work to make sure they can stay ahead. [voice-over] This may look like the winners at Family Feud, but it's really more like The Price is Right, because their ideas to improve productivity at Motorola won them the company's gold medal. They were selected from 3,000 teams of employees worldwide. It's one part of Motorola's drive to improve productivity, and it's been paying off big since 1987.

RICHARD BUETOW, Senior Vice President, Motorola: Reducing those defects by 150-fold over the five-year period has resulted in a manufacturing cost savings within Motorola of $2.2 billion.

AUG: [voice- over] That's not exactly an example of a company whose workers are, as Japanese Prime Minister Kiichi Miyazawa recently said, "lazy, and who've lost their work ethic."

Mr. BUETOW: It's a false statement, and it's incredible that one would insult their customer base that buys 40 percent of their exports.

AUG: [voice-over] In fact, American workers are the most productive in the world. The Bureau of Labor Statistics says by contrast, Japanese workers are 77 percent as productive as Americans. They ranked fifth, behind France, Italy and Germany. But the Japanese are increasing their productivity far faster than American workers, and could catch up within a few years. One reason is that many American factories still use turn-of-the- century management techniques - basically that workers are simply extensions of their machines.

HOWARD SAMUEL, President, Industrial Union AFL-CIO: To not use their minds, not use their experience, not use their creativity, simply their muscles and their finger dexterity.

L. JOSEPH THOMAS, Johnson School of Management, Cornell: There is still this negative labor management attitude that we had 15 years ago. It's getting better, but I believe that managers have more control, and it is more a management problem than it is workers on the floor.

MIKE STAHL, University of Tennessee Business School: A few decades ago, in the absence of competition, the name of the game seemed to be the Lone Ranger or the Marlboro Man- the person who was hired and reinforced for solving problems and

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putting out fires.

AUG: [voice-over] So now, American managers are looking at Japanese production lines, like the Honda plant in Marysville, Ohio, where workers get together to solve production problems, and where any worker can stop the production line. Those ideas were adopted by Saturn, the new General Motors division based in Tennessee. Ironically, the Japanese production techniques were developed by Arthur Deming, of the University of Tennessee.

Mr. STAHL: We could cite a recent example from the Saturn corporation, in which rank and file in the UAW, in concert with management, voted to extend the work week from four ten-hour shifts to five ten-hour shifts per week.

AUG: [voice-over] And despite the recent rhetoric from Japan about American inefficiency, some of the most efficient factories are in the United States, like this Ford Motor Company plant in Atlanta.

BOB ANDERSON, Manager, Ford Motor Company: I have had every Japanese automobile manufacturer in this plant in the last three years, for that same reason. They know we are competitive with them, and that's why they've been here to visit us.

AUG: [voice-over] So how do American manufacturers have to change? Cornell's Thomas says two ways, one of them too much management.

Mr. THOMAS: Too many layers, which leads to too slow a style of decision making and looking at only financial measures to determine if a factory is doing well are things that we could change, and some companies are changing those.

AUG: [voice-over] But that's not happening often enough. Samuel recalls a study by a commission on work force skills, of which he was a member.

Mr. SAMUEL: They found that something like 85 to 90 percent of American workplaces were still anchored in the manufacturing processes of the past. Only 10 to 15 percent had really moved into what we might say now is the 21st century.

AUG: [voice-over] But for those companies, like Motorola, that have changed the way they operate - more worker involvement, which leads to higher productivity and quality - the payoff can be huge. The Motorola people figure the $2.2 billion they've saved over the past five years does not even include the cost of factories they did not have to build.

Mr. BUETOW: You can say, "Well, you know, this cost jobs and things like that," but let me tell you, that is the criterion for survival and becoming the best in class. If someone else did it, we would put our 102,000 employees at risk. We can't let that happen.

AUG: But manufacturing accounts for only about one quarter of the American economy. The rest is services, and many economists remain stumped when it comes to measuring productivity improvements for people like teachers, bank tellers, physicians and government clerks, and nowadays it's services that constitute the bulk of what America produces. When we come back, Japan-bashing - is it paying of for U.S. car makers on the bottom line?

[Commercial break]

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ABC NEWS, February 9, 1992

AUG: Did President Bush's trip to Japan and those negative remarks by Japanese politicians set off a wave of "Buy American" sentiment? Not if you look at the total January auto sales figures, which show further erosion of the market share held by the U.S. big three. But if you look behind the numbers, there are some indications that things really may be looking up for the beleaguered U.S. auto industry. [voice-over] In Tomball, Texas, outside of Houston, four domestic automobile dealers are sponsoring a "Buy American" ad that uses clips of the Japanese attack on Pearl Harbor.

ANNOUNCER: [TV commercial] Fifty years ago, Americans woke up to the bombing of Pearl Harbor-

MARK McCOLLUM, President, Parkway Chevrolet: We decided to get aggressive after the Japanese prime minister said that the American workers were lazy and stupid, because that hit home with all of us. We're all an American worker and, you know, we're all very proud that we sell American cars and trucks, so we decided that we ought to hit back a little bit.

AUG: [voice-over] Nationally, it's difficult to tell if the "Buy American" campaign is having results. Overall, cars with Japanese nameplates increased from 27 percent of the market a year ago to 30 percent. At the Chicago auto show this week, Ford officials say the numbers do not yet reflect the "Buy American" trend that their dealers are reporting.

ROBERT REWEY, Sales Director, Ford, North America: A lot of the dealers report that it's happening. A lot of dealers are promoting it, either individually or through their associations, and we'll see what happens.

AUG: [voice-over] In northern New Jersey, mega-dealer Don Warnock sells 12 different kinds of cars. He sells Fords and Nissans side-by- side.

DON WARNOCK, Auto Dealer: There are people that are saying, "I will only- I want to buy a domestic product," and I can tell you that this month we sold just about double the amount of Fords we did versus what we sold in Nissan.

AUG: [voice-over] Such sales reversals may be disguised in the January auto numbers. One reason - fleet sales. Sales to rental car agencies, government and big business have been cut back, at dealer's request, from three shipments to just two. Even so, Ford had a modest sales gain.

Mr. REWEY: That is adversely impacting our sales reporting this year versus a year ago, because we had high daily rental sales a year ago. As we report in the month of January, if you exclude sales to major commercial accounts, our retail car sales were up eight percent.

AUG: [voice-over] At Chrysler, the decline in fleet sales turned a gain into a loss. At last year's fleet level, an additional 20,000 cars would have been sold. Chrysler would have had a nine percent increase instead of a 24.6 percent decline in January car sales. That means whatever sales strength there was - and Ford was up 3.5 percent - came from the retail buyer, and even fleet buyers seem to be jumping on the "Buy American" bandwagon.

MILTON TEMPEL, Promark, Incorporated: Well, I'm making my living from Americans, and I don't have a Japanese, German, any type automobile other than American

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cars in our fleet.

AUG: [voice-over] And it may be that the Japanese themselves are concerned about "Buy American" sentiments. Some analysts think the increase in Japanese car sales incentives late in January may have blunted any "Buy American" backlash. While incentives on domestic cars declined in January, incentives on Japanese and Korean cars increased. Toyota's increased the most, and sales jumped over 21 percent. Honda had a 38.4 percent increase, helped by a remarkable leasing incentive.

ANNOUNCER: [TV commercial] Announcing a very special Accord lease program.

AUG: [voice-over] In fact, Ford blames that incentive for hurting sales of its popular Taurus.

Mr. REWEY: I think Taurus would have been in the number one sales position had it not been for the car that beat it introduced an extremely aggressive incentive program.

AUG: [voice-over] In the meantime, they continue to be aggressive in Tomball, Texas.

ANNOUNCER: [TV commercial] We sell only American cars and trucks in Tomball.

AUG: Interested in buying a foreclosed property? When we return, why the buyer should beware.

[Commercial break]

AUG: At a time when mortgage rates are at their lowest in more than a decade and real estate prices are depressed in many parts of the country, foreclosed real estate might seem like a great bargain. But before you sit down at a sheriff's auction, there are some precautions you might want to take so you won't get hammered.

AUCTIONEER: Second time. One hundred dollars on behalf of the plaintiff. Plaintiff's house for $100.

AUG: [voice-over] What are the odds of getting a house for $100? Pretty good for a bank that already holds the paper, but almost impossible for the ordinary home buyer, who's lured to sheriff's auctions by the dream of buying a house for a bargain price. The bank may well bid up the price against the buyer, so that the buyer ends up paying off part, if not all, of the remaining mortgage. The purchaser faces the responsibility for any known or unknown liens - unpaid taxes, second mortgage, mechanics liens.

ROBERT DONAHUE, Coventry Agency: I haven't seen a steal at a sheriff's sale in 10 years. I've seen some good buys.

AUG: [voice- over] And agents like Bob Donahue, who specializes in selling foreclosed property, warn about the risks for buyers.

Mr. DONAHUE: That's a- buying a pig and a poke, because you have not been inside the house, you don't know the title, you don't know who's in there or how you will get them out, and there are a lot of unknowns.

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AUG: [voice-over] The key is knowing the risks, and it's always safer to buy foreclosed property after a bank has taken back the title and handed it over to a real estate concern or an auctioneer. At this auction in Texas, the sellers are the banks, who've already bought back the properties at sheriff's auctions. By some estimates, more than half the bidders on residential properties want to live in what they buy. One advantage of this kind of auction is that auction companies often guarantee the title.

JOHN DIXON, CEO, Hudson and Marshall: The contract reads that they do get clear title. With a title check, any liens would show up. If liens do show up, they are immediately refunded their earnest money and they don't have to close on the house.

AUG: [voice-over] Also, the buyer can inspect a property before he bids.

Mr. DIXON: A buyer doesn't really have any risk if he does his due diligence- if he inspects the properties prior to the auction. If he comes, and if he sets a price in mind, you know, nobody should come bidding at an auction with reckless abandonment.

RANDY QUALLS, Home Buyer: I was $9,000 over my limit, actually. I figured to stop at $170,000; I went $179,000.

AUG: [voice-over] And this property was appraised for $234,000. Auction companies say that properties usually sell for 85 percent of retail prices. But auctions are not for everyone.

PAUL ZELVIS, Home Buyer: I thought about auctions, but like I wasn't too familiar with auctions, though, and also with those, you really don't have a chance to make a decision. It's- you've got to put your bid in, and you've got to give them the five grand or the 10 grand or whatever it is, and you've got to come up with the money within 21 days or 30 days, and it's kind of, you know, that quick of a transaction's kind of scary.

AUG: [voice-over] First-time home buyers Paul Zelvis and Kristen Conrad bought their foreclosed house through the showroom of Bank Owned Real Estate in Boston, which, unlike most real estate agencies, lists only foreclosures.

TIM HARRINGTON, Bank Owned Real Estate: If you're interested in buying a single-family home, for instance, from a bank, instead of calling 50 different banks, you only have to make one phone call.

AUG: [voice-over] The showroom lists more than 3,000 bank-owned properties. For a $15 registration fee, prospective buyers can plug in elements like location, size, style and price, and a computer scans the listings.

RICHARD KWEI, Prospective Home Buyer: I can actually come and look at properties in various areas throughout the greater Boston area and actually see what they look like, and also get a property display or fact sheet on the properties that I might be interested in.

DENNIS KUNION, Bank Owned Real Estate: The banks need to rid themselves of these properties. The banks are cutting good deals. They're not giving away properties, but they are cutting good deals.

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AUG: [voice-over] And while they're dealing with motivated sellers, the showroom admits the process is not always easy.

Mr. HARRINGTON: Sometimes these things take weeks - two weeks, three weeks - to even get a response from the bank, because in many cases these things are done by committee. So it's a different type of process, and you have to be willing to be patient and work through it and be persistent.

AUG: [voice-over] And according to the showroom, 95 percent of the properties listed come with attractive financing packages from the banks. Paul and Kristen believe they saved $20,000 from their appraisal of the house.

KRISTEN CONRAD, Home Buyer: Do you think we would have bought this house?

Mr. ZELVIS: I don't think we would have got something that compares to it, actually, with a private sale. I think people would have been wanting more money for it. I think one of the reasons why it was selling for such a low price was the bank didn't want to have it on its books any longer.

AUG: Turning to the week on Wall Street, at Friday's closing bell, the Dow Jones Industrial Average finished the week up by just over two points. Last week, our panel of stock market experts from around the country predicted a down week. Our panel's consensus is for a down week ahead. Panelist Lou Holland, a Chicago-based money manager, says the market is still where the money is going.

LOUIS HOLLAND, Investment Adviser: Currently, we're getting about $2 billion a month into equity mutual funds, which is at all-time record levels, so I think this will continue. That, coupled with the weak economy, where in fact interest rates are likely to stay low or possibly even decline- I would expect with these two factors that the market is going to continue. The only risk here is valuation levels and overspeculation, in that sentiment at this point, less than 20 percent of the investment advisers in this country are bearish, and historically that's been a harbinger of trouble.

AUG: We'll be right back.

[Commercial break]

AUG: Finally, this week's winners and losers. In the winning column, Federated Department Stores, which emerged from bankruptcy. On the losing side, the U.S. taxpayer, who once again has taken it on the chin in the savings and loan debacle. Congressional auditors say the government has collected only $365,000 out of the almost $84 million in restitutions and fines ordered in savings and loan fraud cases. To spare you the long division, that amounts to a recovery rate of less than one half of one percent. And that's it for this week. Whatever business you're in, we hope the week ahead is a prosperous one. I'm Stephen Aug. On behalf of everyone here at Business World, thanks for being with us.

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Automotive News

January 27, 1992

SECTION: PRODUCTION; Pg. 37

LENGTH: 2961 words

HEADLINE: Output up despite holiday

BYLINE: ANNE E. WRIGHT, Chief Statistician

BODY:

Despite the holiday-shortened work week, estimated U.S. car and truck production rose 9.6 percent over the prior week and 16.6 percent over the year-ago week.

All U.S. assembly plants were closed last Monday in observance of Martin Luther King Day. Estimated car production was up 6.0 percent over the prior week and 11.1 percent over the 1991 week.

Last week's estimated truck production was up 15.8 percent over the prior week and was 26.1 percent over the year-ago week.

Car and truck production in Canada fell 7.7 percent from the prior week but rose 43.0 percent over the same week in 1991.

Canadian carmakers' estimated production last week was 14.7 percent below the prior week but was 6.2 percent above the 1991 week.

Last week's estimated truck production in Canada slipped 1.6 percent from the prior week but topped last year by 93.7 percent.

U.S. and Canadian automakers' daily build rate was 54,538 last week, an increase of 31.8 percent over the prior five-day week. The year-ago work week was also four days with a daily rate of 44,965.

Last week's estimated car production in the United States was split as follows: General Motors, 40.9 percent; Ford Motor Co., 23.0; Chrysler Corp., 10.3 percent; Honda of America Manufacturing Inc., 9.8 percent; Toyota Motor Manufacturing U.S.A. Inc., 4.4 percent; New United Motor Manufacturing Inc., 3.3 percent; Nissan Motor Manufacturing Corp. U.S.A., 2.8 percent; Diamond-Star Motors Corp., 2.7 percent; Mazda Motor Manufacturing (USA) Corp., 1.7 percent and Subaru-Isuzu Automotive Inc., 1.1 percent.

GM scheduled overtime last Saturday at the Scarborough, Ontario; Oshawa, Ontario, and Baltimore truck facilities. The postal line at the Moraine, Ohio, truck facility was scheduled to work one shift of Saturday overtime.

At GM's Janesville, Wis., truck facility, two shifts of Friday overtime and one shift on Saturday were scheduled last week for all lines except the medium-duty truck line, which was scheduled for just one shift on Saturday.

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The company extended the downtime for one week on the Allante line at the Detroit-Hamtramck, Mich., plant. Production is scheduled to resume Feb. 10.

Ford scheduled daily and Saturday overtime last week at the Louisville, Ky., and Kansas City, Mo. truck plants.

Chrysler's St. Louis plant in Fenton, Mo., was scheduled to work three shifts of overtime last Saturday. The Dodge City (Warren, Mich.) truck facility worked daily overtime in addition to two shifts on Saturday.

Chrysler's Toledo, Ohio, Jeep facility was scheduled to work five hours of overtime last Saturday to make up production that was lost due to a heavy snowfall the previous week.

Note: This table may be divided, and additional information on a particular entry may appear on more than one screen.

U.S. AND CANADA CAR AND TRUCK PRODUCTION
Vehicles are domestic unless noted.
Vehicles are cars unless noted.

	Est. 1/20-1/25/92	Actual 1/13-1/18/92	1/1-1/25/92
LeBaron J	1,040	0	2,641
New Yorker	800	767	1,567
Fifth Avenue	700	632	1,332
Imperial	240	238	478
Town & Country (trk.)	120	102	275
Total Chrysler	2,900	1,739	6,293
Sundance	900	0	900
Acclaim	1,600	0	3,702
Voyager (trk.)	800	728	1,955
Voyager (Can. trk.)	2,868	1,905	8,739
Total Plymouth	6,168	2,633	15,296
Daytona	500	0	500
Shadow	1,800	0	1,800
Dynasty	2,000	2,150	4,150
Spirit	1,200	0	4,112
Viper	0	0	0
Monaco (Can.)	0	0	0
Caravan (trk.)	1,375	1,063	3,035
Caravan (Can. trk.)	3,570	3,412	12,641
Caravan C/V (trk.)	14	12	37
Caravan C/V (Can. trk.)	162	177	492
Dakota (trk.)	2,200	1,628	3,863
Ram pickups (trk.)	1,100	807	1,907
Ram Wagon (Can. trk.)	0	585	1,410
Ram Van (Can. trk.)	0	1,211	3,148
Total Dodge	13,921	11,045	37,095
Premier (Can.)	0	0	0
Cherokee (trk.)	3,900	2,696	6,596
Comanche (trk.)	120	79	199
Grand Cherokee (trk.)	28	31	59
Wagoneer (trk.)	16	16	32
Wrangler (Can. trk.)	1,600	1,545	5,360
Total Jeep-Eagle	5,664	4,367	12,246

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Total U.S. car	10,780	3,787	21,182
Total Can. car	0	0	0
Total U.S. truck	6,673	7,162	17,958
Total Can. truck	8,200	8,835	31,790
CHRYSLER CORP	28,653	19,784	70,930
Escort	4,599	0	4,599
Mustang	2,203	0	2,203
Tempo	2,639	3,007	5,646
Tempo (Can.)	3,823	3,333	7,156
Taurus	6,140	7,469	24,413
Thunderbird	1,199	951	2,150
Crown Victoria (Can.)	0	2,031	2,031
Aerostar (trk.)	3,130	4,025	7,155
Bronco (trk.)	564	512	1,076
Explorer/Bronco II (trk.)	5,287	6,214	19,983
Navajo (trk.)	58	62	234
Econoline (trk.)	3,569	2,023	9,514
Heavies (trk.)	832	1,033	1,865
Light trucks (trk.)	9,322	9,034	25,161
Light trucks (Can. trk.)	9,322	9,034	18,356
Ranger (trk.)	5,799	1,714	9,823
Total Ford Div	58,486	50,442	141,275
Topaz	881	1,111	1,992
Topaz (Can.)	938	925	1,863
Cougar	809	632	1,441
Sable	2,2511	2,752	8,973
Grand Marquis (Can.)	0	2,082	2,082
Total Mercury	4,879	7,502	16,351
Continental	787	7933	1,580
Mark VII	164	99	263
Town Car	2,377	2,390	4,767
Total Lincoln	3,33288	3,282	6,610
Total L-M Div.	8,207	10,784	22,961,
Total U.S. car	24,049	19,204	58,027
Total Can. car	4,76,11	8,371	13,132
Total U.S. truck	28,561	24,617	74,721
Total Can. truck	9,322	9,034	18,356
FORD MOTOR CO.	66,693	61,226	164,236
Skylark	908	981	3,645
Century	1,269	1,558	2,827
Regal (Can.)	2,200	2,236	4,436
Riviera	169	123	711
Park Ave./Electra	1,533	1,769	3,302
LeSabre	2,791	2,733	9,837
Roadmaster Sedan ***	1,027	1,259	4,048
Roadmaster Wagon [+]	297	297	850
Reatta	0	0	0
Total Buick	10,194	10,956	29,656
Eldorado	794	645	2,558
Seville	810	653	2664
Brougham	440	539	1,741
Deville	0	0	0
Allante	0	0	0
Total Cadillac	2,044	1,837	6,963
Cavalier	3,540	4,296	11,855

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Camaro	1,098	1,223	4,241
Corsica/Beretta	3,904	4,653	15,126
Lumina (Can.)	6,250	6,340	12,590
Caprice	1,802	1,855	5,820
Corvette	0	0	0
Astro (trk.)	2,622	3,110	10,669
Blazer (trk.)	252	157	885
Lumina APV (trk.)	1,280	0	1,20
Mediums (trk.)	99	118	485
P-Models (trk.)	379	353	732
Pickups (trk.)	2,790	146	3,101
Pickups (Can. trk.)	3,600	3,629	12,895
S10 (trk.)	4,276	4,086	10,069
S10 Blazer (trk.)	2,551	2,912	8,329
Sportsvan (trk.)	574	889	2,695
Sportsvan (Can. trk.)	900	869	3,517
Suburban (trk.)	498	833	2,366
Total Chevrolet	36,415	35,469	106,655
Achieva/Calais	2,256	2,293	7,607
Cutlass Ciera	2,686	3,307	0
Cutlass Ciera (Can.)	0	0	1,890
Cutlass Supreme	2,259	4,149	114
Toronado	84	445	1,578
Eighty Eight	1,598	5,114	119
Custom Cruiser Wag. [++]	108	341	0
Ninety Eight	0	0	492
Silhouette (trk.)	0	492	349
Bravada (trk.)	376	1,138	9,484
Total Oldsmobile	10,025	25,279	1,708
Sunbird	2,098	5,748	3,912
Grand Am	4,695	14,915	496
Firebird	537	1,868	2,680
Grand Prix	3,196	5,876	0
Pontiac 6000	0	0	0
Bonneville	2,332	2,920	5,252
Trans Sport (trk.)	584	0	584
Total Pontiac	11,712	13,446	32,243
Yukon/Jimmy (trk.)	100	108	342
Mediums (trk.)	372	454	1,485
P-Models (trk.)	35	36	71
Pickups (trk.)	790	71	966
Pickups (Can. trk.)	1,500	1,538	5,076
Scylone/Sonoma (trk.)	570	1,766	2,510
Typhoon/S15 Jimmy (trk.)	674	883	2,374
Safari (trk.)	877	1,052	3,5033
Suburban (trk.)	399	119	902
Vandura (trk.)	736	737	2,490
Vandura (Can. trk.)	1,000	1,083	3,126
Total GMC	7,053	7,847	22,845
Total Saturn ***	2,388	2,948	9,464
Total U.S. car	42,541	48,627	135,997
Total Can. car	8,450	8,576	17,026
Total U.S. truck	21,299	18,206	57,468
Total Can. truck	7,000	7,119	24,614
GENERAL MOTORS	79,290	82,528	235,105

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Can. car	2,300	2,300	7,939
Can. trk.	1,400	1,400	4,865
CAMI *	3,700	3,700	12,804
DIAMOND-STAR *	2,796	3,113	9,932
Civic	1,800	1,486	5,823
Civic (Can.)	2,420	1,968	7,398
Accord	8,465	6,616	26,026
Total U.S. car	10,265	8,102	31,849
Total U.S. truck	2,420	1,968	7,398
HONDA	112,685	10,070	39,247
HYUNDAI Sonata (Can.)	320	407	1,096
MAZDA *	1,785	1,764	6,572
U.S. truck	1,695	1,454	5,428
Can. truck	165	130	516
NAVISTAR	1,860	1,584	5,944
Sentra	2,930	2,849	10,198
Pickup (trk.)	2,816	2,787	9,905
NISSAN	5,746	5,636	20,103
Geo Prizm	1,600	2,063	6,401
Toyota Corolla	1,840	2,531	7,689
Toyota Hilux (trk.)	360	480	1,465
NUMMI	3,800	5,074	15,555
Legacy	1,184	997	3,927
Pickup (trk.)	518	471	1,696
Rodeo (trk.)	852	774	2,983
Total U.S. car	1,184	997	3,927
Total U.S. truck	1,370	1,245	4,679
SUBARU-ISUZU	2,554	2,242	8,606
Camry	4,600	5,462	16,566
Corolla (Can.)	1,300	1,337	4,211
TOYOTA	5,900	6,799	20,777
VOLVO 740,940 (Can.)	150	150	494
AM GENERAL (trk.)	300	375	1,200
MISCELLANEOUS (trk.)	1,920	2,400	7,680
Total U.S. car	104,370	98,499	308,340
Total Canada car	19,701	23,109	51,296
Total U.S.-Canada car	124,071	121,068	359,636
Total U.S. truck	67,994	58,726	180,504
Total Canada truck	26,087	26,518	80,141
Total U.S.-Canada truck	94,081	85,244	260,645
TOTAL U.S.	172,364	157,225	488,844
TOTAL CANADA	45,788	49,627	131,437
TOTAL U.S.-CANADA CAR & TRUCK	218,152	206,852	620,281

	Year 1/1-1/25/92	Year 1/1-1/26/92
LeBaron J	2,641	900
N. Yorker	1,567	1,066
Fifth Avenue	1,332	2,855
Imperial	478	866
Town & Country (trk.)	275	102
Total Chrysler	6,293	5,789
Sundance	900	0
Acclaim	3,702	8,264
Voyager (trk.)	1,955	6,014

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Voyager (Can. trk.)	8,739	8,246
Total Plymouth	15,296	22,524
Daytona	500	300
Shadow	1,800	0
Dynasty	4,150	11,715
Spirit	4,112	8,274
Viper	0	0
Monaco (Can.)	0	0
Caravan (trk.)	3,035	7,017
Caravan (Can. trk.)	12,641	10,684
Caravan C/V (trk.)	37	184
Caravan C/V (Can. trk.)	492	326
Dakota (trk.)	3,863	3,109
Ram pickups (trk.)	1,907	3,127
Ram Wagon (Can. trk.)	1,410	0
Ram Van (Can. trk.)	3,148	0
Total Dodge	37,095	44,736
Premier (Can.)	0	0
Cherokee (trk.)	6,596	0
Comanche (trk.)	199	0
Grand Cherokee (trk.)	59	0
Wagoneer (trk.)	32	0
Wrangler (Can. trk.)	5,360	2,507
Total Jeep-Eagle	12,246	2,507
Total U.S. car	21,182	32,240
Total Can. car	0	0
Total U.S. truck	17,958	19,553
Total Can. truck	31,790	21,763
CHRYSLER CORP	70,930	75,556
Escort	4,599	13,005
Mustang	2,203	2,190
Tempo	5,646	7,656
Tempo (Can.)	7,156	5,373
Taurus	24,413	16,330
Thunderbird	2,150	1,344
Crown Victoria (Can.)	2,031	2,560
Aerostar (trk.)	7,155	9,592
Bronco (trk.)	1,076	572
Explorer/Bronco II (trk.)	19,893	17,308
Navajo (trk.)	234	1,359
Econoline (trk.)	9,514	5,110
Heavies (trk.)	1,865	2,694
Light trucks (trk.)	25,161	14,081
Light trucks (Can. trk.)	18,356	4,597
Ranger (trk.)	9,823	15,823
Total Ford Div	141,275	119,594
Topaz	1,992	2,904
Topaz (Can.)	1,863	1,638
Cougar	1,441	2,031
Sable	8,973	4,653
Grand Marquis (Can.)	2,082	0
Total Mercury	16,351	11,226
Continental	1,580	4,101
Mark VII	263	713
Town Car	4,767	9,666

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Total Lincoln	6,610	14,480
Total L-M Div.	22,961	25,706
Total U.S. car	58,027	64,593
Total Can. car	13,132	9,571
Total U.S. truck	74,721	66,539
Total Can. truck	18,356	4,597
FORD MOTOR CO.	164,236	145,300
Skylark	3,645	8,494
Century	2,827	3,094
Regal (Can.)	4,436	9,759
Riviera	711	442
Park Ave./Electra	3,302	6,906
LeSabre	9,837	13,549
Roadmaster Sedan ***	4,048	0
Roadmaster Wagon [+]	850	0
Reatta	0	0
Total Buick	29,656	42,244
Eldorado	2,588	528
Seville	2,664	1,054
Brougham	1,741	1,811
Deville	0	10,654
Allante	0	218
Total Cadillac	6,963	14,265
Cavalier	11,855	19,371
Camaro	4,241	4,132
Corsica/Beretta	15,126	14,987
Lumina (Can.)	12,590	14,355
Caprice	5,820	8,215
Corvette	0	1,624
Astro (trk.)	10,669	5,878
Blazer (trk.)	885	361
Lumina APV (trk.)	1,280	2,395
Mediums (trk.)	485	685
P-Models (trk.)	732	677
Pickups (trk.)	3,101	11,582
Pickups (Can. trk.)	12,895	10,831
S10 (trk.)	10,069	20,982
S10 Blazer (trk.)	8,329	2,967
Sportsvan (trk.)	2,695	1,793
Sportsvan (Can. trk.)	3,517	547
Suburban (trk.)	2,366	1,282
Total Chevrolet	106,655	122,664
Achieva/Calais	7,607	6,045
Cutlass Ciera	5,993	3,254
Cutlass Ciera (Can.)	0	6,082
Cutlass Supreme	4,149	7,272
Toronado	445	246
Eight Eight	5,114	6,182
Custom Cruiser Wag. [++]	341	0
Ninety Eight	0	6,313
Silhouette (trk.)	492	625
Bravada (trk.)	1,138	1,557
Total Oldsmobile	25,279	37,576
Sunbird	5,748	8,330
Grand Am	14,915	8,632

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Firebird	1,868	918
Grand Prix	5,876	5,702
Pontiac 6000	0	2,217
Bonneville	5,252	3,054
Trans Sport (trk.)	584	1,320
Total Pontiac	34,243	30,173
Yukon/Jimmy (trk.)	342	125
Mediums (trk.)	1,485	1,260
P-Models (trk.)	71	181
Pickups (trk.)	966	4,072
Pickups (Can. trk.)	5,076	4,172
Scylone/Sonoma (trk.)	2,510	4,996
Typhoon/S15 Jimmy (trk.)	2,374	1,973
Safari (trk.)	3,503	2,503
Suburban (trk.)	902	699
Vandura (trk.)	2,490	385
Vandura (Can. trk.)	3,126	353
Total GMC	22,845	20,719
Total Saturn ***	9,464	2,300
Total U.S. car	135,997	155,544
Total Can. car	17,026	30,196
Total U.S. truck	57,468	69,298
Total Can. truck	24,614	15,903
GENERAL MOTORS	235,106	269,941
Can. car	7,939	9,339
Can. trk.	4,865	4,032
CAMI *	12,804	13,371
DIAMOND-STAR *	9,932	11,118
Civic	5,823	5,881
Civic (Can.)	7,398	7,628
Accord	26,026	25,556
Total U.S. car	331,849	31,4337
Total U.S. truck	7,398	7,628
HONDA	39,2477	39,065
HYUNDAI Sonata (Can.)	1,096	3,370
MAZDA *	6,572	9,62
U.S. truck	5,428	4,598
Can. truck	516	497
NAVISTAR	5,944	5,095
Sentra	10,198	11,138
Pickup (trk.)	9,905	10,689
NISSAN	20,103	21,827
Geo Prizm	6,401	7,333
Toyota Corolla	7,689	7,258
Toyota Hilux (trk.)	1,465	0
NUMMI	15,555	14,591
Legacy	3,927	3,836
Pickup (trk.)	1,696	0
Rodeo (trk.)	2,983	0
Total U.S. car	3,927	3,836
Total U.S. truck	4,679	3,701
SUBARU-ISUZU	8,606	7,537
Camry	16,566	16,287
Corolla (Can.)	4,211	4,876
TOYOTA	20,777	21,163

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VOLVO 740,940 (Can.)	494	629
AM GENERAL (trk.)	1,200	1,650
MISCELLANEOUS (trk.)	7,680	10,950
Total U.S. car	308,340	352,646
Total Canada car	51,296	65,609
Total U.S.-Canada car	359,636	418,255
Total U.S. truck	180,504	185,978
Total Canada truck	80,141	46,792
Total U.S.-Canada truck	260,645	232,770
TOTAL U.S.	488,844	538,624
TOTAL CANADA	131,437	112,401
TOTAL U.S.-CANADA CAR & TRUCK	620,281	651,025

* CAMI includes Geo Metro and Suzuki Swift cars and Geo Tracker and Suzuki Sidekick trucks; Diamond-Star includes Eagle Summit and Talon, Mitsubishi Eclipse and Mirage and Plymouth Laser; Mazda includes MX-6, 626 and Ford Probe.

** Estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz.

*** Estimate

[+] 1990 totals reflect LeSabre (rwd)

[++] 1990 totals reflect Olds. 88 (rwd)

May contain error of one or two units due to rounding.

SCHEDULED
PLANT CLOSINGS

Plant	Weeks down	Units/ lost/ week
CHRYSLER		
Bramalea, Ontario	[+]	
Toledo, Ohio	1/27	
Jeep Cherokee		4,250
Jeep Comanche		125
Jeep Grand Cherokee		5
FORD MOTOR CO.		
Atlanta	1/27	5,200
Ford Taurus		
Mercury Sable		
Chicago	1/27	5,200
Ford Taurus		
Mercury Sable		
Michigan Truck	1/27, 2/3	2,900
Ford Bronco		
Ford F-series pickup		
Wixom, Mich.	1/27	4,200
lincoln continental		
Lincoln Mark VII		
Lincoln Town Car		
GENERAL MOTORS		
Hamtramck, Mich. (V line)	1/27, 2/3	
Cadillac Allante		60
Wentzville, Mo.	1/27	

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Buick Park Ave.		1,900
Oldsmobile Eighty Eight		1,700
Pontiac Bonneville		2,900
Van Nuys, Calif.	1/27, 2/3	
Chevrolet Camaro		1,300
Pontiac Firebird		600
Oshawa, Ontario (No. 1)	1/27, 2/3	
Chevrolet Lumina		3,000
Oshawa, Ontario (No. 2)	1/27, 2/3	
Chevrolet Lumina		3,000
Buick Regal		3,000
Total U.S. car		23,060
Total U.S. truck		7,280
Total Canadian car		90,000
Total units lost week of 1/27		39,340

[+] Plant closed for retooling until spring 1992.

Source: Automotive News Data Center

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JANUARY 21, 1992, TUESDAY

SECTION: IN THE NEWS

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HEADLINE: PRESS AVAILABILITY
WITH SENATOR WYCHE FOWLER, JR (D-GA)
SENATE RADIO/TV GALLERY
WASHINGTON, DC

KEYWORD:
NEWS CONF FOWLER

BODY:
Q Senator, can we just begin with your reaction to the Japanese criticism of American workers?
SEN. FOWLER: Well, first of all, I think it's certainly unfortunate, because it was inaccurate. In the latest Harper (sp) study of last year of major American automobile manufacturers, in the 10-year period from 1979 to 1989, two plants in Georgia received -- were in the top five of most efficient of all automobile manufacturing plants in the United States. The Ford plant in Atlanta that makes the Taurus and Sable was number one in the United States, according to the MIT study, in efficiency and productivity.
What's come to be known as a transplant plant, an American plant using American workers that makes a product for the Japanese name, the Nissan plant in Smyrna, Georgia, was number four in efficiency in the entire United States. So I think that the facts belie what was obviously a political comment made by the Japanese speaker for domestic political consumption in Japan. We're familiar with that kind of tactic every once in a while by an American politician. It basically should have been ignored, but since it was not ignored, then I'm happy to lay out the facts of the evidence of extreme efficiency and productivity -- continuing to improve, by the way -- in the American automobile industry by its workers.
Q Well, you just did a comparison, just an intra-American comparison. That -- I'm not sure that response is used comapring America to Japan.
SEN. FOWLER: Well, I don't know whether it was or not. What I read reported was mostly hyperbole, very short on facts, saying that somehow Americans were second class citizens because they did not work hard.
Q But that doesn't have anything to do with how efficient one American plant is compared to another American plant.
SEN. FOWLER: Well, neither did his statement. I'd be delighted to see that, but that was not part of his suggestions. So at least on that, until we have some kind of charge, I will not take the bait.
Q Does President Bush gain anything --
SEN. FOWLER: By the way, may I, just while I'm here, give my answer to the way you deal with trade imbalances for anybody interested? I think it's very, very difficult -- and I think this will probably an answer to what Andy was about to ask me, though I didn't mean to preempt that.
It seems to me that I don't -- we have a great debate in Washington from the White House, also from our major trade partners, as to what is fair trade and what is free trade. And everyone seems to have a different definition, which

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is part of the problem of having the right kind of policy. I can't tell you what other people's definition of fair trade and free trade, but I know what equal trade is.

And what I would hope would be the policy of the United States of America, as expounded by the President of the United States, is to demand of all of our bilateral trading partners, including the Japanese and the Koreans and the Taiwanese and others, that if Americans are going to purchase 100 or 150 billion, whatever it is of Japanese goods and services and products in a given year, then we expect the people of Japan and the government of Japan to purchase an equal amount of American goods and services and products by the end of the year.

That is equal trade. We are not going to tell you what to buy. If you would rather have wheat, Mr. Japanese, than our cars, or if you'd rather have our cars than our soybeans, then that is your business. But if you are going to be an equal bilateral trading partner with the people and government of the United States of America, than at the end of the year there will be no deficit. What is sauce for the goose will be sauce for the gander. That is the position I had hoped that the President of the United States would take. I think it is not only understandable but it is fair and even if the first couple of years there seems to be some imbalance, over the long run that approach is achievable in my opinion.

Q Do you favor putting that into law?

SEN. FOWLER: Yes. I don't -- if we made the proposal I honestly believe -- and made it -- know that we meant it at the highest levels of the government, I don't think you would have to have a law. I think this can be an understanding between two bilateral partners that have bilateral trading agreements and -- but until you do that, if you try to pick at one industry or another, say "You must by this or you must buy that," ultimately that in my opinion will not succeed, and for that reason I oppose most efforts to pick out on an industry by industry basis and mandate purchases by trading partners.

You had something?

Q If you're done on trade could we ask you to comment on the Georgia redistricting plan and the Justice Department decision?

SEN. FOWLER: Well, that is a -- I understand that the Justice Department denied the Georgia plan today. That puts it back in the hands of the state. The state now has two options. I remember from having been in the middle of it 10 years ago. One is to appeal through the courts the Justice Department's decision, the other is to try through legislative action in the coming days to meet Justice Department criticisms and improve the plan.

I do not know, I have just heard of its rejection, I do not know what the state's plans are but the ball is in their court and at this juncture there is no federal involvement.

Q Are we pass the time, Senator, when the Justice Department should be judging the state of Georgia's redistricting plan?

SEN. FOWLER: Well, obviously, I think there's a semblance, certainly, of unfairness that only 15 states are scrutinized under the Voting Rights Act of 1965. There have been such massive changes in demography involving minorities in the 27 years since 1965, I believe that it's time to make any review universal, meaning covering all 50 states. But in the meantime, it is a state decision as to how to proceed in any state where the Justice Department has said -- has disapproved the plan, and I await their decision.

Q Senator, from what you told us, are you in favor for Congressman Gephardt's bill to reduce -- (inaudible) --

SEN. FOWLER: I favor the Fowler bill, or the Fowler concept, which I said should not -- has not yet been necessary, I think, to put into law.

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As far as the other proposals concerning trade, I have of Mr. Gephardt's to basically protect, I believe, patents of US manufacturers -- I'm studying that and the Reigle approach. I understand Senator Levin and Specter are trying to revive Super 301 trade status. I had a little bit to do with that law and supported it when I was on the Ways and Means Committee in the House. But at this juncture, I'm not prepared to --

Q May I ask --

SEN. FOWLER: -- give it my support. Yes?

Q Are you studying any action to challenge the speaker's comment -- the Japanese speaker's comment on US workers?

SEN. FOWLER: Am I considering any what?

Q Any actions or any sort of --

SEN. FOWLER: No. I don't think it's necessary. I treat it simply as a -- basically a political statement for his constituency that we shouldn't get very rattled about it -- especially when the facts belie that statement on the productivity of US auto workers.

Thank you all very much.

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GANNETT NEWS SERVICE

January 29, 1992, Wednesday

LENGTH: 579 words

HEADLINE: SATURN TO GO TO 50-HOUR WEEK TO MEET PRODUCTION GOALS

BYLINE: ADAM TANNER; The Nashville Tennessean

DATELINE: SPRING HILL, Tenn.

KEYWORD: SATURN

BODY:

Saturn employees will work an extra day a week until late 1992 to boost lagging output and meet customer demand, company officials announced Wednesday.

The decision to add 10 hours to the current 40-hour work week comes one month after Saturn parent General Motors announced dramatic company-wide plans to eliminate more than 70,000 jobs over the next few years.

''If you consider that they're closing plants at this time, to have a plant that's actually increasing its workload is just an excellent sign,'' said William Steele, an auto analyst with Dean Witter Reynolds in San Francisco. ''It shows the demand for Saturn is better than expected.''

Of Saturn's 5,000 unionized workers, 89 percent ratified a plan last week to add the extra day after management presented several strategies to increase output, said Mike Bennett, president of the local United Auto Workers' union.

''There's a great deal of people that did not want to work the overtime ... but they see the need, and that's how an organization reaches consensus,'' Bennett said. ''That's the difference between how this company operates versus what happened at GM, being told what you're going to do.''

Under Saturn's unique labor-management agreement, union and management officials must reach a consensus on most major issues affecting the workplace.

Most line workers interviewed in the new $ 1.9 million plant said they accepted the decision because it was necessary to bring success to Saturn.

''It's fine with me; if that's what the company needs, I'm willing to do it,'' said Jim Sayre, who works on Saturn's engines.

A few workers complained.

''I don't like it because I travel home every weekend to Cincinnati to my family,'' said Glenn Faulkner.

Added Michele Valentine: ''It sucks because when I was hired they said it was a four and 10,'' referring to the numbers of days a week and hours a day.

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''That was four months ago, and now everything has changed.''

The extra day, which begins next week, will bring in an additional income of $ 233.55 to $ 268.65 a week for each worker and will cost Saturn millions in overtime wages. Some Saturn workers, a number of whom had sizeable debts before moving to Tennessee to work at Saturn, said these extra earnings are a key part of their willingness to put in the overtime.

The additional labor costs to Saturn should be offset by the increase in the number of cars sold, according to spokesman Bill Betts. Company officials said all the vehicles produced in Spring Hill are selling.

''Our retail outlets will be increasing and we need to keep pace with that and produce enough to satisfy that demand,'' Betts said. ''The whole thing is a net benefit to Saturn.''

The expansion of the work week addresses the major problem that has plagued Saturn since their first cars rolled off the assembly line in 1990. Although many reviewers have given high marks to the car, production has lagged far behind original goals.

The company has been producing about 12,000 cars a month since fall, compared to a capacity goal of 20,000, officials said.

That low output translated into an $ 800 million loss for Saturn in 1991, analysts say, and before the expanded work week was announced, some had predicted a similar loss could result in 1992 unless output increased.

The extended hours should allow Saturn to reach full production of 240,000 cars a year, which will be met by strong public demand, Saturn officials predicted Friday.

SUBJECT: AUTOMOBILE; INDUSTRY; SATURN:WORK WEEK

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2ND STORY of Level 1 printed in FULL format.

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Financial Times

September 11, 1991, Wednesday

SECTION: SURVEY; Pg. X

LENGTH: 937 words

HEADLINE: World Car Industry 10;
On the road to clawing back market share - General Motors

BYLINE: MARTIN DICKSON

A REMARKABLE new vigour is shaking up General Motors, the largest car manufacturer in the world, which spent much of the 1980s in seemingly inexorable decline.

Under Mr Robert Stempel, who took over as chairman in July last year, the company has been clawing back US market share and moving faster to cut costs and reduce its heavy burden of excess manufacturing capacity.

Mr Stempel should not get all the credit for this. Many of the programmes from which the group is starting to benefit were put in place under his predecessor, the controversial Mr Roger Smith, who tried to force change on the sprawling group by throwing money at its problems.

And the severe impact of the US recession over the past 12 months has forced the group to accelerate change, whether or not it likes it. In the first six months of this year GM lost Dollars 1.2bn and Wall Street expects it to remain in the red for the year as a whole, in spite of signs of a gradual recovery in the US economy and vehicle market. However, Mr Stempel so far seems much more successful than his predecessor in gaining the support of GM's workforce for belt-tightening and new working methods. This is partly because of his down-to-earth personality, and partly because he made clear early on that all GM's employees - managers included - were going to share in its pain.

That is a distinct contrast to the 1980s when the group gained a reputation for demanding sacrifices from the rank and file while top executives continued to reap generous pay and perks. Yet it was during that decade that the once arrogant GM got its comeuppance. Unprepared for the Japanese onslaught against the US market, it saw its share of the car market drop from some 46 per cent at the start of the decade to around 35 per cent at the end.

However, GM seems to have drawn a line, decided it would defend the 35 per cent floor at any cost, and over the past year it has started to win back customers. In the first six months of 1991 it held 36.7 per cent of the car market and aims to take this to 40 per cent over the next couple of years.

That is going to be tough, given the immense competition from US and Japanese rivals. GM's first challenge is to produce quality vehicles that excite customers, and this it may now be starting to do, with a very full programme of new model launches.

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(c) 1991 Financial Times, September 11, 1991

One of the group's first successes is a new luxury sedan, the Park Avenue, which has been a big hit for GM's Buick division, bucking the recessionary downturn. Buick has been gaining market share, thanks to a thorough revamp of its product line and marketing philosophy.

However, GM remains the high cost producer of the US industry, with its factories on average taking far longer than those of its rivals to turn out vehicles. The group is working hard to improve this. One example is the way it is cutting the number of parts that go into its cars and standardising those that remain. It also wants to change relations with suppliers, using fewer of them and getting them to cut prices over the life of a contract. Another example is an upheaval in the product development operations at the Chevrolet-Pontiac-Canada group, GM's largest North American car-making business. These have been re-organised along the more efficient lines found at rival Japanese companies.

And the group has experimented with an entirely new approach to car building at the plant in Tennessee which builds its new Saturn small car - a model conceived in the early 1980s as an all-out US attempt to beat the Japanese in the small car market.

Saturn vehicles went on sale for the first time last autumn but so far the project has been far from a resounding success. The Saturn plant has a production capacity of 1,200 cars a day but production glitches - notably problems with the car's plastic body - mean that output has been running at about half that level.

Those consumers who have managed to buy the cars seem pretty pleased with them, but Saturn's shaky start has not enhanced GM's image and it will be years - if ever - before the much-hyped project reaches profitability.

A second big problem for GM is that its manufacturing capacity far exceeds demand for its products. The company took a Dollars 2.1bn write-off last year to cover the cost of closing seven North American factories and Mr Stempel pledged to be running all its plants at full capacity by the end of next year. More recently, however, there has been a slight retreat from that goal, with company officials saying slow growth in the US means it may be some time in 1993 before full capacity is achieved.

The cost savings that will flow from these closures are also limited by a three-year labour agreement Mr Stempel signed last autumn with the United Auto Workers Union, which guarantees employees most of their pay, whether or not they work.

Still, the new relationship with the union - essentially trading job security for workplace flexibility - has enabled the company to reach a potentially important agreement allowing an Ohio assembly plant to be operated with three assembly crews - a strategy GM has already used in its highly successful European operations. The European business, which made Dollars 1.9bn last year, is playing a vital role offsetting the red ink in North America, and it will need to do so for a considerable time yet.

GM officials acknowledge that, in spite of all the upheaval and cost-cutting, the North American operations are unlikely to be profitable again until the US market for cars and trucks rises to 15m vehicles a year. And that is not

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likely until 1993 at the earliest.

GRAPHIC: Picture, Saturn interior, GM's all-out attempt to match the Japanesein the small car market

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Automotive News

July 15, 1991

SECTION: LESSONS OF SATURN; Pg. 3

LENGTH: 2999 words

HEADLINE: THE SATURN DEBATE;
The experiment in import fighting is well along the road now, but the question still lingers: 'What's in it for GM'

BYLINE: By Phil Frame and Lindsay Chappell, AUTOMOTIVE NEWS STAFF REPORTERS

DATELINE: SPRING HILL, Tenn.

BODY:

"The Saturn concept" is beginning to spread like a new gospel through the old offices and engineering rooms of General Motors.

A year after Saturn's first commercial car was assembled, GM is showing that former Chairman Roger Smith may have been correct back in 1983 when he claimed that the Saturn experiment would serve as an idea laboratory for the giant old automaker.

But while many ideas flowing from Saturn the lab are being applied elsewhere at GM, Saturn the company has not been able to staunch the immense flow of money heading out.

Saturn the lab started courtesy of a $ 3.5 billion GM investment. Now, Saturn the car company is costing its parent hundreds of millions of dollars in operating losses, in part because of initial production screw-ups that cut output.

"If you want to measure just the volume of the plant and say we're not successful, then OK, we weren't successful," said Saturn President Richard G. "Skip" LeFauve. "But look at all the other successes we've had so far. We've successfully relocated thousands of families. We've integrated people and processes and product by giving people a voice in how they structure their job. We've introduced lost-foam casting technology to automotive mass production. We've made innovations in plastic injection-molding.

"In the eyes of GM, our greatest success will be if we can always serve as a place where new ideas can be tested and made to work."

Ronald Glantz, senior vice president and auto analyst at Dean Witter Reynolds Inc., said he's heard that kind of company line before when GM entered into an experiment in small-car making with Toyota Motor Co.

New United Motor Manufacturing Inc. in Fremont, Calif., down Route 101 and across the Dumbarton Bridge from Glantz's office in San Francisco, has not lived up to its billing as a learning tool for GM, Glantz said. He said he will wait to see more solid results before jumping on or off the Saturn bandwagon.

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"I don't see how you can judge Saturn until a couple more years have passed," said Glantz. "I am disappointed that the NUMMI experience hasn't had more of an impact. I just can't believe that after having had NUMMI in operation for so many years, we haven't seen the benefits."

Glantz acknowledges that outsiders like himself are hard-pressed to see how members of the Saturn "team" are filtering out of the Spring Hill production plant into positions of influence at GM. The Saturn people are taking seats on committees that will determine what future cars and trucks will look like, how they will be built, how new plants will be constructed and how labor relations will be handled.

Saturn designers and engineers have moved on to new positions at other new-car projects such as GM's ground-breaking electric car program. Guy Briggs, who served as Saturn's vice president of manufacturing during the crucial plant launch, was named vice president and director of operations at GM's Truck & Bus Group earlier this year.

GM President Lloyd Reuss said the talked to a supplier earlier this year who told him, "I could tell you within two weeks I saw some of the same ideas that were implemented at Saturn happening at Truck & Bus as a result of Guy Briggs moving over there."

"So, sure," Reuss said, "as those various individuals move back into the other parts of General Motors, they're a key part of the transfer of ideas and technology."

The machine-tool supplier said Briggs brought his Truck & Bus team to the supplier's facility to look at a process being applied to a future project, Reuss said. Briggs then placed some of his employees at the supplier's facility to offer technical assistance.

It is that gospel of give and take, a partnership attitude with suppliers, that Briggs preached at Saturn and is transferring to his new job.

Other GM top managers have rotated through Saturn for a dose of the experiment's philosophy, including John Middlebrook, now Pontiac general manager and GM vice president, and William Hoglund, executive vice president in charge of the Automotive Components Group. Middlebrook was vice president of Saturn sales and service, while Hoglund preceded LeFauve as Saturn president.

Hot bed for ideas

The electric car project is drawing heavily on Saturn innovations, say GM officials. Although the electric car will be much different from a Saturn, the manufacturing processes used to build the vehicle at the Lansing, Mich., Craft Center may closely resemble those used in Spring Hill -- if the electric vehicle is built as planned in mid-decade.

Manufacturing engineers from the GM Tech Center already are combing the $ 1.9-billion Saturn factory for ideas to use in Lansing. For example, the electric car plant will use the same assembly-line adaptation that Saturn pioneered, which features "skillets" that move cars sideways down the line and allow workers to alter the car's height for greater working comfort.

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"Everybody's interested in the skillets," says LeFauve. "You'll be seeing that idea a lot in the future as GM retools plants and builds new ones."

Also, GM is planning to use the Saturn system to select dealers for the electric car, by soliciting only dealers with high customer-satisfaction ratings at their existing dealerships. Other GM dealer bodies are studying Saturn's dealer-relations procedures, including Pontiac and Oldsmobile.

Saturn personnel also are affecting GM's design and engineering psyche. Every design committee and task force in the corporation now has a Saturn representative sitting on it, said John "Jay" Wetzel III, Saturn's chief engineer.

Switch in attitude

The embrace is interesting in light of the "hands-off" attitude GM's various divisions took toward Saturn during the past five years. Design engineers from other divisions, including key GM component makers such as Saginaw Division, are doing stints at the Saturn factory, learning Saturn's new methods and taking the lessons home.

GM's manufacturing technical committee -- a corporate-wide think-tank that guides the carmaker on industrial matters -- has shown considerable interest in Saturn. As new models come on line throughout GM, says Robert Boruff, who replaced Briggs as vice president of manufacturing, factory tooling will look more like Saturn's.

For example, Saturn uses no press welders, the very expensive tools that clamp parts together for welding. GM assembly lines of the future will replace the welders with series robots -- more flexible creatures costing a fraction as much.

"Saturn's acceptance is really growing," Wetzel said, "not just within GM but in the industry at large. That will make the technology flow a lot better."

Not so novel lessons

But NUMMI was supposed to breathe new life into GM, too, infusing the carmaker with new technological tricks from Japan and sharing Toyota's gentle philosophy with the General's Detroit-hardened managers.

Even though many in the GM organization circulated through NUMMI -- including many who now reside at Saturn -- the general feeling toward NUMMI appears to be that its lessons were interesting, but they weren't GM lessons.

"I went to NUMMI," LeFauve said. "There's really nothing there that I would call 'new.' What they're doing has already been done in the industry, either in Japan or here. But what we're doing at Saturn is what I would call new and different."

Still, LeFauve acknowledges, corporations the size of GM take years to adopt and implement new ways of doing things.

"Our influence will come in bits and pieces, and it will take a long time," says LeFauve, a 35-year GM manufacturing executive who spent most of his

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career working at component divisions before moving to Chevrolet in 1983, then Buick-Oldsmobile-Cadillac Group the following year.

"You have to keep it in perspective," he says. "Until you really start selling cars, you haven't proven anything to anybody. Before people will change what they're doing, they've got to be certain about what they're changing into."

What role model?

What Saturn is, in fact, is still being debated by the industry. The Saturn cars comprise a small sedan and a small sporty coupe, both just upmarket from the Honda Civic.

As a corporation, Saturn is a start-up car company -- birthed, financed and peopled by GM, but largely independent in its manufacturing decisions, administrative policies and sales strategies.

As a car-selling entity, Saturn is 25th in sales out of 38 car lines in the United States through the first six months of 1991, just behind Lexus and just ahead of BMW.

Saturn sold 6,666 cars in June. Less than a year after selling its first car, Saturn is outselling Isuzu in cars, as well as Saab, Suzuki, Peugeot, Audi and the once-stellar Yugo.

By year-end, promises GM Chairman Robert Stempel, Saturn's Spring Hill factory will be building about 20,000 cars a month, at an annualized rate of 250,000 cars a year. If the car sells at the full rate of production, it would jump from 25th place into the top 10.

Still, what's the point? The experiment has cost GM billions of dollars at a crucial time in automotive history, and the car's sales are arguably sucking sales away from other GM units. About four in 10 Saturn buyers already owned GM cars, according to R. L. Polk & Co. -- meaning that Chevrolet or Pontiac or somebody may have lost as many as 8,000 sales so far to Saturn.

Saturn built only 42,325 cars through June of the 1991 model year, less than half of the 86,072 in the original production plan for the same period. If Saturn meets revised production plans for July, it will end the model year with a total build of 50,910 cars -- 49 percent below the 99,272 originally planned for model year 1991.

Model year sales through June totaled only 27,201 units, just 0.4 percent of a depressed U.S. car market.

If quality is the gauge by which Saturn is measured, the company has suffered there, too. It has had two recalls, including one in which more than 1,800 replacement cars were handed out, and then scored a worse-than-average 151 problems per 100 cars in the 1991 J. D. Power and Associates' Initial Quality Survey.

The 151 score made Saturn the 16th-best of 34 brands surveyed, significantly worse than two arch rivals -- Toyota with 90 and Honda with 111 -- but better than its other prime target, Nissan, which had 160.

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The industry average was 140.

Three GM divisions -- Buick, Oldsmobile and Cadillac -- had fewer problems.

In at least one statistic, Saturn is doing well. Its 108 dealers sold an average of 62 cars per dealer in June, good for second place behind the average of 69 sold by Honda dealers, according to the Automotive News monthly sales-per-dealer calculation. The average Toyota dealer sold four more vehicles in June, but that included 18 trucks.

Next closest behind Saturn in cars were Lexus dealers with a June average of 53 per dealer.

High price tag

Financial concerns resulting from the recession reportedly are fueling internal GM debate that the "Saturn experiment" is becoming too costly to bear at a time when the U.S. vehicle market is in the toilet.

GM spent $ 3.5 billion developing the small car and its factory at a time when the company was getting beaten up in the intermediate market by Ford Taurus and Honda Accord, and also fighting for space in the profitable minivan market. Besides that, GM already had a supply of small cars coming from its Japanese partners: Isuzu, Suzuki and Toyota.

Saturn has had its share of setbacks. Start-up kinks in the plant's hailed technology -- such as some unexpected trouble in making doors and trim fit together -- kept factory volume below expectations for months during the car's crucial sales launch, which began Oct. 25.

In its first eight months of sales, it had two recalls: one a minor issue with a seat bracket, and the other an engine coolant mix-up that prompted the company to replace more than 1,800 cars, 1,200 of which were in customers' hands.

But Saturn critics have been consistently rebuffed from the top. Reuss says it is way too early to judge Saturn as a car manufacturer. Saturn will be called to account for its profitability, eventually.

"We're here for the long term," Reuss says. "We've got a tremendous investment, and we are determined to make sure that a large part of our volume is plus business and that we end up with customers who are satisfied with the total ownership experience."

What GM is looking at now, and what Saturn is succeeding at, Reuss says, is "how much of the new and different approaches that Saturn has incorporated . . . are actually moving into other parts of General Motors. "

Cross pollination

Reuss says many ideas are already moving from Saturn to the parent company.
* GM's Oklahoma City assembly plant, which makes Oldsmobile Cutlass Cieras and Buick Centurys, is adopting a synchronous manufacturing process similar to Saturn's.
* The new GM Powertrain Division is adopting new quality control programs

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similar to those used at Saturn, and also instigating Saturn-style "partnership" approaches to component suppliers. The approaches force the outside firms to share more of the development costs, and potentially more of the risks, in a given project.

The April recall of 1,800 Saturns reveals the extent of Saturn's supplier philosophy. Saturn opted to replace all 1,800 cars. Texaco Refining and Marketing Inc., the supplier of the faulty engine coolant, will pay for the cars.

* GM is using Saturn's lost-foam casting process to make the cylinder heads for its 2.2-liter, four-cylinder engines, which are made in Tonawanda, N.Y. That engine will use a lost-foam casting process similar to the one Saturn developed for its internally produced engine blocks and heads.

Lost-foam casting involves using a polystyrene foam patter for the shape of the engine part to be cast in metal. When the molten metal is poured into a box containing the foam patter, the foam vaporizes and is replaced by metal.

The process allows for more accurate, detailed and complex castings that can result in fewer parts, easier assembly and greater long-term reliability.

* Saturn's use of composite materials for body panels will also make its way into other car lines, Reuss says -- without specifying which ones.
* The 1990 GM franchise agreement "has a lot of the Saturn franchise flavor in it," Reuss says. "Many of the dealers that helped develop the Saturn franchise agreement were also part of the team that worked on the new agreement for all of our General Motors franchises."

The new agreement includes the Saturn system of greater dealer involvement in franchise and distribution decisions.

* On a manufacturing level, GM also hopes to incorporate at other plants the teamwork concept developed by Saturn management and the UAW. The concept encompasses not just teamwork in a single area, but the whole manufacturing complex working as a team "so that the team that's working on the engine (feels) just as concerned about the appearance and the paint finish as the people over in the paint shop," Reuss says.
* GM management and the UAW are studying ways to incorporate Saturn's innovative labor relations practices.

The car was designed to be an import-fighter, but the company was founded to incorporate the best of the Japanese sense of harmony in the workplace. Work rules were minimized and blue-collar and white-collar employees are thrown together in every aspect of the company.

Line workers participate in the car's design by making suggestions and approving design ideas, by determining the tooling, and choosing component suppliers.

Employee participation is nothing new. GM already had access to modern labor relations through its North American joint ventures with Japanese carmakers: CAMI Automotive Inc. with Suzuki Motors Ltd., and NUMMI.

But Saturn goes further than the joint ventures, says Michael Bennett, president of Saturn's UAW local.

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"The workers at NUMMI and CAMI have a voice in their immediate workplace surroundings," said Bennett, referring to the joint ventures. "But that doesn't go far enough. Labor and management are at a crossroads for the 21st century, and Saturn is the bold step forward. A lot of what we've created here will be copied by others."

Bennett says Saturn has been visited regularly by UAW leaders, including the union's board of directors and President Owen Bieber.

"People are leaving here astounded and excited," says Bennett. "I think they want a little more time to see it in action."

Taking root

Saturn's training of workers and their involvement in manufacturing are paying off in ways that will be noticed both inside and outside GM, LeFauve says.

LeFauve recalled a day last year when the plant was shut down for a quality problem with the door header, a piece of the door assembly that goes around the top of the door and holds the glass in place.

"The team had found an impression at two points on the top of the door and shut the line down," LeFauve says. "I went over to look at it and couldn't see it. They said, 'You've got to hold it up to the light and you have to hold it just right and you can see it.' So I held it up and I think I saw what they meant.

"We traced it down to a clamping fixture in the fabrication operation, where they clamp the header in place while they weld the header to the door frame," LeFauve added. "They had too much pressure there, so they got to the team and they relieved the pressure -- and we don't have any more problem."

The assembly line workers detected an imperfection that most people would never see.

"They said, 'What should we do with something like this?'" LeFauve says. "I said, 'You're doing exactly right.' It may be costing us production today, but it won't ever cost us production in the future. That's what this is all about."

GRAPHIC: Picture 1, Saturn President Richard G. "Skip" LeFauve admits that the automaker's assembly volumes have not been successful, but points to other successes such as teamwork practices and technologies such as lost-foam casting and plastic injection-molding. AUTOMOTIVE NEWS/JOE WILSSENS; Picture 2, Briggs: implements ideas; Picture 3, Boruff: tooling leadership; Picture 4, Saturn's dealers sold an average of 62 cars per dealer in June, good for second place behind Honda.; Chart, Saturn plan vs. production, Chart compares Saturn Corp. planned monthly production (as of June 1990) with actual production, in thousands of units. Source: Saturn Corp., Automotive News Data Center, AUTOMOTIVE NEWS/CHARLOTTE WINTER; Picture 5, Saturn utilizes lost-foam casting for its engine blocks and heads, GM will adapt the process for cylinder heads for its 2.2-liter, four-cylinder engines.

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HEADLINE: What Should Unions Do?

BYLINE: John Hoerr

ABSTRACT:
Unions can make a pivotal contribution to competitiveness. In a world where business success increasingly depends on creating more flexible, team-based work organizations, unions can be a surprisingly effective means to integrate employees into managerial decision making. In order for U.S. unions to act in this capacity, they must reinvent themselves much as companies are trying to do.

BODY:
By any standard, the 1980s have been a difficult decade for the American worker. When inflation is taken into account, average weekly earnings have dropped more than 30% since 1969. Dislocations caused by takeovers, shutdowns, and downsizings have pushed mistrust of corporations to new heights. Disgruntled employees are filing record numbers of wrongful discharge suits and job-discrimination and unfair-labor-practice complaints. And in the workplace, employees are demanding more challenging work, a voice in decision making, and greater job security.

In the past, turmoil on this scale would have driven workers into unions. Not today. Only 20 years ago, nearly 30% of private-sector workers belonged to unions. By 1990, union membership in private industry had dropped to 12.1% of the work force, reducing organized labor to what Harvard economist Richard B. Freeman has recently labeled ghetto unionism. If this trend continues, by the year 2000, the union share of the private-sector work force will shrink to 5%.

Ask a manager to explain this seeming paradox between worker discontent and union decline and it's likely he or she will say something like the following: the rules of the economic game have changed. Competition is global, technological innovation continuous, the work force increasingly professional. In such an economic environment, unions are ill-suited to meeting the needs of either workers or companies. At best, they are an irrelevance -- a leftover from a previous industrial era. At worst, they are an obstacle to making companies and countries competitive. Little wonder, then, that unions are on the wane.

What this perspective overlooks, however, is that radical union decline is a peculiarly American phenomenon. After all, companies around the world have been going through the same sea change brought on by new technologies and global competition. But while U.S. union membership (measured as a percentage of all nonfarm employees, including those in the public sector) has declined by nearly 50% during the past two decades, in other industrial countries, it has dropped only slightly (from 58% to 50% in the United Kingdom, from 32% to 28% in Japan) or stayed steady (at roughly 43% in Germany and 36% in Canada) or even increased considerably (for example, from 79% to 96% in Sweden). The most competitive

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national economies in particular, Germany and Japan seem to combine technologically advanced and highly competitive companies with far higher levels of unionization than in the United States.

This suggests that while a particular kind of unionism may be obsolete, unionism per se is not. Instead of speculating whether U.S. unions will -- or should -- survive, it is more interesting to ask: What kind of unionism makes social and economic sense given the new realities of global competition? In 1984, Freeman and his Harvard colleague James L. Medoff published their now classic study, What Do Unions Do? Today the question is: What should unions do?

The materials discussed here (see insert, page 32) offer a powerful answer to that question. Taken together, they represent a new way of thinking about unions and their place in the new economy. On the one hand, they challenge the widely held view that unions are irrelevant. On the other, they are equally critical of "business as usual" as it exists at many U.S. unions today. Finally, they suggest lessons that both companies and unions in the United States can learn from unionism as practiced elsewhere.

Three themes in particular emerge from this research:

1. U.S. unions face the same crisis as U.S. management: dealing with the new realities of global competition.

Unions don't exist in isolation. They are part of an entire industrial relations system the network of interlocking institutions of management, labor, and government that grew up in the era of the mass-production economy. In the last decade, economic and technological changes have rendered many aspects of these institutions obsolete. Now companies and unions must jointly reform the system they jointly built.

2. Unions aren't necessarily an obstacle to competitiveness; indeed, under the right circumstances, they can make a pivotal contribution to it.

Much as companies are struggling to define new ways of managing, a new model of unionism is emerging that puts unions at the very center of companies' efforts to improve their competitiveness. In a world where success in the marketplace increasingly depends on creating more flexible, team-based work organizations, unions can be a surprisingly effective means to integrate employees into managerial decision making. Similarly, the lack of an institution that gives voice to workers' interests and perspectives can block companies' efforts to adapt to change. Put simply, strong unions can make stronger companies.

3. To act in this capacity, however, U.S. unions must reinvent themselves much as some companies are trying to do.

The U.S. industrial-relations system cannot be reinvigorated unless unions carve out a new role for themselves. They must develop a vision of how workers should help shape the technological and social revolution that is transforming the workplace. They must identify new "leverage points" for union influence. Finally, they must improve their own human resources to help put labor's new vision into practice.

Unions and the Corporate "Governance Gap".

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Managers unconcerned or gleeful about the growing weakness of U.S. unions should remember one thing. Industrial relations, like nature, abhors a vacuum. As traditional unions decline, new institutions and practices will take their place. They won't necessarily be better for companies or for the economy.

This is the important implication of Governing the Workplace by Harvard law professor Paul C. Weiler. According to Weiler, the decline of unions has created a political and legal vacuum -- a "governance gap" -- that can only damage relationships between managers and workers and the ability of the U.S. economy to compete. Weiler explains what's wrong with recent alternatives to traditional collective bargaining and why "union representation is as attractive a form of governance as we have yet been able to devise."

As traditional collective bargaining has declined, argues Weiler, two alternatives have risen to take its place. The first is government regulation. During the past 15 years, legal challenges have systematically eroded the traditional concept of "employment at will," which held that managers could fire workers at any time for any reason. In over 40 states, courts now allow employees to sue companies for wrongful discharge; plaintiffs' attorneys are doing a thriving business. State and federal laws regulating work relationships such as restrictions on polygraph testing -- have also proliferated.

The second alternative is the development of more professional human resource programs at companies. In effect, these programs are meant to fill a unionlike role and convince employees that they don't need an independent union. They include mechanisms like quality circles to involve employees in decisions on the job and nonunion grievance procedures for dispensing workplace justice.

Both these systems have their virtues -- and their drawbacks. Government regulation, for example, has the advantage of protecting the interests of all employees, not just union members. But regulation is a blunt axe and can often produce requirements in the law that bear little resemblance to workplace reality from both workers' and managers' perspectives. Laws tend to work best where unions are present to make sure the laws are enforced. The fact is, nonunion employees are at greater risk of suffering from employer abuses no matter what the letter of the law may say. At the same time, a panoply of standardized government-imposed rules administered by government agencies is likely to be a greater obstacle to managerial flexibility than unions ever were.

The human resource alternative to unions also has positive aspects, especially where the HR staff conceives of its role as the "neutral" representative of employees. But there's the rub. In the end, no company will put the interests of employees over the interests of shareholders in a direct conflict -- if the stakes are high enough. Thus the human resource approach tends to break down precisely where companies need it most: in situations of severe conflict. The very best HR systems recognize this fact by going to great lengths to build fairness into nonunion grievance procedures. But only a small handful -- probably less than a half dozen -take the ultimate step of allowing for outside arbitration as a last resort.

The trouble with both alternatives, argues Weiler, is that neither provides workers with an independent source of power inside the company. Laws that define workers' basic legal rights don't necessarily assure that workers can exercise these rights free of coercion. And too much regulation from outside impedes efficiency. Human resource programs, on the other hand, give workers some

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influence inside the company, but they are not an independent source of power. Collective bargaining is the only American institution that gives workers the ability to claim both kinds of protection from outside and inside.

For managers who know their history, Weiler's governance gap should sound familiar: the previous system of U.S. industrial relations went through a similar crisis in the early decades of this century. For a brief period in the late 1800s, U.S. unions had a firm foothold in factories organized around production by skilled artisans, such as moulders and puddlers in the early iron industry. But in the first quarter of the twentieth century, corporations shifted to mass-production systems based on mass markets, standardized products, unskilled labor and the "scientific management" of work as articulated by Frederick W. Taylor. As a result, the artisan-dominated craft unions became increasingly obsolete. For the better part of 40 years, the craft unions all but ignored this development as well as the growing numbers of unskilled immigrants working in the new factories. Meanwhile, antiunion companies tried to create their own institutions company unions or Ford's Sociological Department to regulate labor-management relations.

It took the enormous social dislocation of the Great Depression and the bitter labor conflicts of the 1930s to create a new system of industrial relations. The new "industrial unions" broke definitively with the traditional craft model to organize all workers -- skilled and unskilled alike -- in an entire industry.

Seen from the vantage point of today, it is easy to forget just how successful industrial unionism was and not just for union members but for the economy as a whole. The new industrial unions created procedures to protect workers from arbitrary treatment on the job. But the labor-relations system that grew up around industrial unionism did far more than that. By organizing all the major companies in steel, auto, rubber, and other mass-production industries, industrial unions successfully took wages out of competition. This put a stop to the destructive wage cutting among companies that had often taken place during downturns. And by raising living standards for a broad segment of society, industrial unionism made possible the mass consumption on which a healthy mass-production economy depended. In the postwar era, U.S. companies and unions thrived on the rapid growth in productivity and output made possible by mass production and its economies of scale.

But the very success of industrial unionism also sowed the seeds of its eventual decline. In order to defend workers against the abuses of scientific management, the new industrial unions accepted, even embraced, all that went with it in particular, the rigid separation of thinking from doing, "managing from working." Cut off from decision-making responsibilities, unions focused on protecting workers from exploitation by using Taylorism as a base of shop-floor power. They negotiated multiple job classifications, linked wage rates to the job instead of a worker's skills, and established seniority as the basis for promotion. This "job control unionism" gave unions a negative power to hamstring management but not a positive power to influence operations. Rules bred more rules, eventually straitjacketing the production system and creating unproductive hierarchies in both companies and unions.

The costs of this system were obscured as long as the U.S. mass-production economy dominated the world. But since the late 1960s, changes in the world economy have threatened to leave both U.S. companies and unions behind. In a

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global economy, wage competition is also global. And under the impact of changing markets and technologies, companies around the world are scrapping the old mass-production systems and converting to flexible manufacturing, flattening hierarchies, blurring the boundaries among functions and jobs, and encouraging indeed, demanding that workers make critical decisions on the factory floor.

Neither traditional American management nor American unionism fits in well with this new economic environment -- a fact that even strong union supporters now recognize. Unions and Economic Competitiveness, a collection of essays by labor economists and industrial-relations specialists sympathetic to unions, focuses on the difficulty that both companies and unions have had in adapting to the new rules of global competition. In the absence of strong foreign competition, argues Richard Freeman in one essay, unions could safely bargain for a share of the "monopoly rents" charged by U.S. companies. By the 1970s, however, this was no longer economically feasible. "What worked for unions in the 1950s and 1960s did not work in the 1970s and 1980s," concludes Freeman, "and it took too much time for labor and management to realize this."

Former Secretary of Labor Ray Marshall makes a similar point about the 1990s in another essay in Unions and Economic Competitiveness. Because mass production was more entrenched in the United States than it was in any other nation in the world, both managers and unionists are "more reluctant to abandon the adversarial and authoritarian systems that it produced." As a result, genuine worker participation is a great deal less pervasive in the United States than it is elsewhere.

Germany's Dynamic Unionism.

In other countries, unions have followed a very different trajectory. Instead of being excluded, they have been integrated into managerial decision making. In Japan, with its generally peaceful labor relations, management invites union involvement to improve productivity and quality. In Germany and Scandinavia, on the other hand, laws require participation. In either case, the entrenched position of unions allows them not only to withstand the winds of economic change but also to make a positive contribution to corporate restructuring.

For an idea of what this more dynamic form of unionism looks like, consider the example of Germany, as described in Democracy at Work by Cornell professor Lowell Turner. That country's "code termination" law, which mandates representation for unions and salaried employees on the supervisory boards of all large companies, is well-known. Far more significant for managerial decision making are the plant-level "works councils," elected bodies of employees also required by law at every work site.

Although legally independent of both management and union, works councils are usually dominated by union activists, who imbue them with the philosophy and policies of their national union. The influence of the works councils varies from company to company. But in many workplaces, they play an extremely active role sometimes amounting to veto power in all matters involving hiring, firing, training, and reassignment in the event of reorganization and technological change.

This is especially true in Germany's vast metalworking sector, where some 2.6 million workers belong to IG Metall, the nation's largest union. Like other

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German unions, it negotiates guidelines for pay levels, hours, and working conditions on a regional basis. Works councils at each plant then translate the guidelines into local agreements.

Turner's study focuses particularly on Volkswagen's huge plant at Wolfsburg (in Lower Saxony near the former border of East Germany), which employs some 62,000 people. Like auto factories the world over, Wolfsburg must adjust to rapid changes in the international car market. Management is cutting costs and employment levels and wants to install more efficient work practices. Instead of waiting to be consulted, the 69-member works council 62 seats are held by IG Metall members -- is taking the initiative to make sure the plant restructuring also works to the benefit of employees and conforms to union philosophy.

Take the example of team-based manufacturing, a strategy recently adopted by German auto companies as one means of competing with the Japanese. As VW and other producers began moving in this direction, IG Metall developed its own set of "group work" concepts designed to protect workers from layoff or transfer to lower paying jobs. The program emphasizes retraining and a work organization that gives employees real decision-making power. In 1988, works councillors from all VW plants adopted the union program. Now VW management must negotiate on that agenda if it wishes to install teamwork.

IG Metall's interest in work reorganization illustrates how a union can take the lead on important issues instead of merely reacting to a company proposal and in the process force management to change its own thinking. The union's group-work policies are the product of nearly two decades of research and activism. In the early 1970s, the union's national staff of "work humanization" specialists began research on work reforms to address rising discontention auto assembly lines. Despite management's lack of interest at the time, the union kept track of changing technologies and promoted its own vision of what the content and shape of work should be. And now that the companies too want to reorganize work, the union, with its strong influence in the works councils, has the power to turn its vision into reality.

Turner argues that this system is a potent mechanism for smoothing the company's adaptation to new competitive realities. Partly because of a strong union and active works councils, VW weathered the demise of the Beetle in the mid-1970s, various market crises, and recessions in the 1980s without major disruptions. Unlike auto producers in most other countries, VW did not lay off workers or demand wage concessions in the early 1980s.

Of course, strong unions like IG Metall also impose constraints on management that make managing harder. But in certain situations, such constraints can be enabling. The pressure that IG Metall puts on German companies forces them to keep and retrain workers, use labor more flexibly, and move into diversified, quality, high-volume production. And in the long run, VW is likely to have a work force that is much more committed to a new way of working than would be the case in a nonunion enterprise.

Turner's book compares the IG Metall experience with that of its U.S. counterpart, the United Auto Workers (UAW). While the UAW is involved in some very advanced worker participation efforts especially, what amounts to comanagement with General Motors of the Saturn plant in Spring Hill, Tennessee -- it has had only scattered successes. According to Turner, this is largely because authoritarian traditions persist at many auto plants. Even when

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managers introduce more participatory organizational structures, they usually do so unilaterally sometimes pressuring the local union to accept them under the threat of a plant shutdown.

Turner suggests that lack of an active union role in company decision making goes a long way toward explaining the crisis of the U.S. auto industry. In the absence of institutional mechanisms such as those provided by works councils, there is no sure way for companies to integrate employees into the change process. Instead of defeating or marginalizing unions, Turner argues, U.S. companies need to accept them as legitimate partners in participation. And unions, in the interest of their own survival," need to jettison their traditional passivity and start making positive contributions to company performance in the areas of productivity, product quality, and process flexibility.

To that end, many of the authors of the texts cited here argue for laws mandating worker participation along the lines of those in Germany and other European nations. Weiler, for example, says that every workplace with 25 employees or more should have an Employee Participation Committee (EPC) with members elected by all employees. Modeled on the German works council, the EPC would have to be consulted on all decisions affecting the work force and would have a voice on a far broader range of subjects than provided by traditional collective bargaining.

Weiler concedes that mandatory participation laws have no chance of being enacted in the near future. Companies, not without reason, would regard the EPC as a precursor to a union. Unions would view the EPC as a company union, designed to keep "real" unions out of the workplace. Without such a legal mandate, participation may never become as pervasive in the United States as it is in Germany. Still, some U.S. companies have voluntarily installed highly participative work systems. As other essays in Unions and Economic Competitiveness indicate, America-style worker participation -- with unions -- can work very well indeed.

Worker Participation, American-Style.

Since the 1960s, when team-based production began on a very small scale in the United States, the most publicized examples generally have come from nonunion plants. As a result, managers have commonly assumed that nonunion companies are better at worker participation and employee involvement than, union companies are. But according to recent research reported in Unions and Economic Competitiveness, this is no longer the case.

For example, economists Adrienne E. Eaton of Rutgers and Paula B. Voos of the University of Wisconsin have recently analyzed an extensive 1987 survey of innovative practices at large nonunion and union companies, conducted by the federal government's General Accounting Office. Nonunion companies led in only one such practice - the use of profit-sharing plans. But profit sharing does not require a fundamental restructuring of a company and is a weak motivator unless accompanied by employee participation.

On the other hand, a production system organized around self-managing teams forces the most deep-seated changes and produces the best results in terms of productivity and quality. The General Accounting Office data show that by 1987 unionized companies reported more use of teamwork than nonunion companies.

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"The nonunion sector is no longer more innovative than the union sector," write Eaton and Voos, "if in fact it ever was."

In a similar study, Maryellen R. Kelley of Carnegie-Mellon and Bennett Harrison of MIT examine the experience of more than 1,000 manufacturing plants that used labor-management problem-solving committees in the 1980s. The nonunion workplaces were not only less likely to provide workers with real protections such as job security but were also significantly less efficient than the unionized plants.

What explains such findings? According to Eaton and Voos, most team-based work systems in a unionized setting are the product of a formal quid pro quo. The union agrees to eliminate old work rules to make way for team production. In exchange, it usually wins improved job security, gain-sharing, or higher wages. Because "unions have more to trade," they can bargain better than nonunion workers [who] have no institutions to represent them.' And since most joint programs in unionized plants emphasize the quality-of-worklife goals of workers as well as the productivity goals of management, these programs tend to have greater legitimacy. Thus they are more likely to survive. "Ironically," write Eaton and Voos, "it is precisely because unionized workers can say 'no' as a group that they can also collectively say yes.'"

One company that is realizing the benefits of union participation in work redesign is Corning. The company is converting all of its 28 U.S. factories to team-based production in partnership with the American Flint Glass Workers union (AFGW). The company decided a few years ago it could remain competitive only by giving line workers more responsibility in decisions about production. Corning is now in the midst of rooting out old production lines and retraining virtually all of its 20,000 employees to work in the new systems. About two-thirds of these workers need remedial education in reading and math.

Corning's initial decision to shift to self-managing work teams was made by management alone. But it wasn't until the AFGW, which represents most of Corning's hourly workers, became actively involved or, in the intriguing metaphor used by both managers and unionists, "bought ownership" that the restructuring surged ahead. Eventually, the two sides articulated an extraordinary new relationship in a short, clearly worded philosophical statement called "A Partnership in the Workplace." Among six Ressential values" listed in the agreement are: "recognition of the rights of workers to participate in decisions that affect their working lives" and "a work environment free of arbitrary and authoritarian attitudes."

At Corning, the union has influence over the content and administration of all company training programs. At about a dozen plants, plant redesign committees, including shop-floor workers, are now devising plans for restructuring jobs. Self-managing teams have been installed in sections of more than 20 plants, and company and union officials are starting the redesign process in the others. As part of the new partnership, employees cannot work themselves out of a job through this massive involvement effort. If more efficient practices enable Corning to reduce the work force, it will do so by attrition.

Unfortunately, initiatives like that of Corning and the AFGW are exceptions. Just as striking as Eaton and Voos's finding that teamwork is more prevalent at union plants is the fact that team-based work systems are still so rare in

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both union and non-union sectors in the United States. For the most part, managers remain unwilling to part with authority or to manage the social revolution that's needed to change a company's culture. As a consequence, it appears that unions will have to transform themselves and, in the process, hasten the transformation of the entire U.S. industrial relations system.

New Leverage Points of Union Influence.

If a new kind of unionism can contribute to competitiveness, how should U.S. unions reorganize to bring it about? Put another way, what are the leverage poi nts for redefining union influence in the new economy? Consider four: training, work redesign, employee ownership, and the new work force.

The training dilemma facing most U.S. corporations is by now thoroughly familiar. Global competition requires a skilled work force. And yet, most companies devote few resources to training line workers because they fear that other companies will snap them up. Similarly, most workers lack incentives to buy training for themselves.

With the exception of the building trades, unions have traditionally left training to management. But in recent years, some unions have begun to play a more active role in employee training -- largely in response to shifts in markets or to rapid technological change. For example, the UAW jointly runs training institutes with the Big Three auto makers. So does the Communications Workers of America (CWA) with AT&T. And the United Steelworkers (USW) will soon start a Career Development Institute funded by major steel producers. All these programs are designed to ensure that workers can acquire the skills they need to remain employable in a more competitive economy.

Providing workers with training through joint labor-management programs is an especially attractive role for unions to play. Training is one area where the overlap between labor's concerns for social justice and companies' concerns about competitiveness is great. In a provocative paper entitled "Industrial Restructuring and Vocational Training: A Strategic Role for Unions?," University of Wisconsin sociologist Wolfgang Streeck argues that union involvement in "skill formation" will play the equivalent role in the new economy that wage formation played in the mass-production era.

A related leverage point, as the Volkswagen and Corning examples make clear, is work redesign. It may be a long time before most U.S. companies have works councils. But local unions can begin today to represent employee interests and concerns on work-restructuring projects. New Forms of Work Organization by Canadian labor consultant Tom Rankin provides a rich portrait of how a new-model local union operates. His book is an extensive study of an advanced work system at Shell Canada's Sarnia, Ontario chemical plant. For more than a decade, workers have been running the Shell plant through a network of semiautonomous work teams designed jointly by the company and the Energy and Chemical Workers Union (ECWU).

Like the team plants at Corning and other companies, the Sarnia system has no resemblance either to Taylorism or to job-control unionism. There are only two work classifications -- process operators and maintenance technicians. One process team runs the entire plant on each shift. The average team member can perform 70% of the tasks required to run the plant. Pay is linked to skill and knowledge, rather than to the job itself or to seniority.

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There is little rule making at Sarnia; instead, labor and management make decisions based on values expressed in a philosophical statement. Conditions of employment are continually renegotiated as circumstances dictate. For instance, managers and workers jointly agreed to switch from an 8-hour to a 12-hour shift by majority vote a change that in a traditional union setting would have required amending the formal labor contract. Team members train one another, participate in hiring new workers, and settle most grievances on their own. From the local union's perspective, its efforts at Sarnia are an attempt to shape the work organization "in a direction consistent with a democratic vision of the workplace," writes Rankin. At the same time, intense worker involvement has also made the plant extremely efficient; output has gone as high as of 195% of design capacity.

Union influence over training and work redesign makes sense where unions already exist. But there are also leverage points for unions even where they do not have the formal right to represent workers. In particular, two long-term social trends may constitute the union equivalent of growth markets: employee ownership and the expanding presence of women and minorities in the workplace.

In The New Owners, Joseph R. Blasi and Douglass L. Kruse of Rutgers University chart the startling rise in employee ownership at publicly traded U.S. corporations. This trend extends well beyond equity stakes granted to workers in Employee Stock Ownership Plans (ESOPs), which are usually at privately held companies. Public corporations have also been transferring large quantities of stock to their employees through 401(k) savings plans, in which both employee and employer contributions are invested in the company's stock, profit-sharing payments made in the form of stock, employee stock-purchase plans, equity reimbursements in return for salary and benefit cuts, and stock options programs.

Blasi and Kruse calculate that 10.8 million workers own an average of 12.1% of the stock in 1,000 public companies. By the year 2000, they estimate, more than a quarter of publicly traded companies will be at least 15% owned by their employees. These employee-owners could exceed the total membership of the entire union movement. What will happen when employees discover the degree to which they own their companies, and, in particular, the extent to which their life savings and retirement funds are tied up in a single company's stock? Like other constituencies, they may want to organize to demand more voice as owners.

This development should challenge unions to rethink their traditional opposition to employee ownership. Unionists are generally skeptical about employee ownership because they think that relying on stock ownership as a retirement benefit (which is the normal practice in many ESOP companies) is not a good idea. But as employee ownership spreads, some kind of institution will have to give voice to the interests of employee-owners. It is not inconceivable that unions could play such a role in the future.

One union that has overcome its skepticism and learned how to increase its strength and influence through ESOPs is the Steelworkers. The severe recessions of the 1980s left scores of metalworking companies on the verge of bankruptcy. To avoid shutdowns, the USW began using ESOPs to mount worker buyouts. It also has formed ESOP partnerships with management in healthy companies. As of early 1991, the union was involved in ESOPs at 25 companies, many of which are majority worker-owned. The companies range in size from fewer than 50 to 4,000 workers.

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The USW in no sense "runs" these companies, but it stamps its influence on them. To make sure workers aren't dependent on the price of the company stock for their retirement benefits, the union demands a pension plan along with stock ownership. It also requires that the company pass through full stock-voting rights to employees and set up an extensive worker-participation program thus guaranteeing an employee role in work restructuring. Finally, the USW demands board representation in companies substantially owned by an ESOP. Workers and their representatives now sit on the boards of 17 companies.

The idea of labor sitting on the board is highly unpopular with most managers -- and with not a small number of unionists. Still, if unions really want a voice in managerial decision making, then they must be prepared to take responsibility at the highest strategic levels of a company. Union representation on the board has worked out well in the USW companies, though the union has had to invent a set of procedures to govern the practice. Typically, the board of an ESOP company includes one or more members of thelocal union, as well as one member nominated by the USW president. The outside representatives usually are either technical experts -- for example, ESOP lawyers or ecnonomists -- or prominent retired union officials from the Steelworkers or other unions. Wary of possible conflicts of interest, the national union does not try to influence how they vote. At most, the union directors are expected to bring employees' perspectives to decision making.

Finally, just as corporate managers are confronting the challenge of managing diversity, unions are struggling to find ways to meet the needs of new social groups entering the workplace. In "American Unions and the Future of Worker Representation," MIT's Thomas A. Kochan and Northeastern University's Kirsten R. Wever cite the much quoted statistic that four-fifths of new entrants to the work force between now and the year 2000 will be women, immigrants, or members of a minority group. They traditionally have had trouble getting jobs with a promise of high pay and career status. According to Kochan and Wever, the challenge for unions in the 1990s is to do for this new work force what they did for industrial workers half a century ago: "improve low-wage jobs held by people with little labor market power who are outside the realm of traditional union constituencies."

Some of the most creative union organizing efforts are aimed at these groups. Consider two examples (both reported in Economic Notes, the bimonthly newsletter of the nonprofit Labor Research Association).

In California, 18 locals of the Communications Workers of America have sponsored an Association for Workplace Justice. Aimed at educating nonunion employees about their rights on the job, the association operates a toll-free Workplace Rights Hotline and conducts workshops on employment law.

The International Ladies Garment Workers Union (ILGWU) is using unorthodox organizing techniques to reach the more than 100,000 immigrants who work in garment shops in Los Angeles, El Paso, and New York City. They speak little English, usually do not understand their legal rights, and are afraid to jeopardize their jobs. Working with community groups, the ILGWU counsels these people on their rights under immigration and labor law and teaches them English as a second language. The union takes them in as "associate members" at dues often as low as $1 a month. In some cases, these associate members go on to win formal union representation at their shops. Here, the union role may be a combination of old and new-style unionism: gaining jobs and justice for the

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unorganized and helping to train and stabilize the new work force.

Of course, if unions are to make a serious contribution in any of these new areas, perhaps the biggest challenge of all will be an internal one: developing their own human resources. As the global economy becomes more complex and the efforts of companies to respond to it more diverse, unions are going to have to learn new skills and develop new kinds of expertise. The union leader of the future will, most likely, have to combine the political instincts of the traditional organizer with the business savvy of the best global manager. During the past few years, a small but dynamic cottage industry of "prounion" investment bankers, pension analysts, MBA-trained management consultants, work-organization specialists, and the like has grown up to help unions represent their members at a time of constant company restructuring. This may represent the first step in developing the broad managerial and organizational skills that unions increasingly need.

If unions can develop these skills, all the while staying true to their basic social vision, the economy as a whole will benefit. In the end, the challenge facing organized labor is not so different from that facing business -- to reinvent the institutions on which a sustainable, competitive economy depends.

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MEMORANDUM OF CALL — Previous editions usable

TO: JB

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OF (Organization) Commerce

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☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU

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Nancy → Larkin 377-2867

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63-110 NSN 7540-00-634-4018 **STANDARD FORM 63** (Rev. 8-81) Prescribed by GSA FPMR (41 CFR) 101—11.6

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MEMORANDUM OF CALL — Previous editions usable

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☐ WILL CALL AGAIN ☐ IS WAITING TO SEE YOU

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MESSAGE

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Detroit speech next Friday [stay Monday pm]

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Jay Lefkowitz → benchmarks for welfare reform in the States

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- Stephanie Comai Page
eliminated general assistance program (517-335-7824)

THE WHITE HOUSE

Office of the Press Secretary
(Miami, Florida)

For Immediate Release March 4, 1992

REMARKS BY THE PRESIDENT
AT BUSH-QUAYLE '92 FUNDRAISING DINNER

The Radisson Mart Plaza Hotel
Miami, Florida

8:30 P.M. EST

THE PRESIDENT: Thank you all. Please be seated. And Zach, Dr. Zachariah, thank you, sir, for that wonderful introduction, for all you do; and I am very, very grateful to you. I want to thank Father Murphy for his thoughtful invocation. The National Finance Chairman -- you met Bobby Holt -- but the National Finance Co-Chairman, my old friend Alec Courtelis and another good longtime Jack Laughery. To our campaign manager in Florida, no nepotism involved, I just chose the best, Jeb Bush. (Laughter and applause.)

And may I salute one who gives us so much support -- gives me so much support in Washington, Congresswoman Ileana Ross-Lehtinen. Where is she? Right here. (Applause.) And State Senator Lincoln Diaz-Balart who we just met over here. Thank you, sir. (Applause.) And Van Poole, our State Chairman. Where's Van? He's right down here somewhere at the end. (Applause.) I salute him. And, of course, our Dade County Chairman, our masterful Master of Ceremonies, Armando Codina. Thank you, Armando. (Applause.)

It is a pleasure to be here tonight. And we have much to do these next few months, because we've much to do in these next few years. Together, we can finish what we've started and we can move this country forward. And to do that, I need your support. And help me win the presidency for four more years. (Applause.)

I ask your support for the simplest reason: We believe in the same things -- jobs, family, peace -- the fundamentally important things. And, Zach, thank you for your very kind words about my grasp of and leadership in the field of foreign affairs.

We know that taxes are too high in this country, because the government is too big and it spends too much. (Applause.) And we believe in a strong defense. We believe in family and faith -- responsibility and respect -- community and country. And we know that we put America first when we put America's families first.

The National League of Cities' mayors came to me and they said the major problem in the cities is the dissolution, the diminution of the American family, and we've got to do something about that.

So often today's politicians do the easy thing -- the popular thing. But it's the tough decisions that tell you something important about character and principle. For I believe in things that don't change from one election to the next. Things that guide each one of us every single day of the year.

During my Presidency I've been blessed to take part in a new era in America's history. And let's face it my friends, the Cold War is over -- and America won. (Applause.) And we are the leader of the entire world. (Applause.) And the Soviet Union collapsed, and imperial communism is dead. (Applause.)

Last week marked a special birthday: The battle of Grito de Baire in Cuba's war of independence. (Applause.) We support independence. We want freedom and prosperity for the Cuban people and an end to Castro's totalitarian regime. (Applause.)

But look around the world. Castro has become an outcast even among the dictators. And his beaches are not borders, they're the confines of freedom. For years, the Cuban community -- and I salute Jorge Mas and so many others here tonight. (Applause.) The Cuban community has energized Miami. And someday freedom-loving people will change that island for the better -- just like America has changed the world. It's going to happen, you can bet on it. It is inevitable. (Applause.)

And now tonight, I want to talk about how Republican leadership is changing America. We're changing it by setting right what is simply on the wrong track in our country.

Take our courts, for example. There's something wrong when the rights of the criminal are more important than the rights of the victim. And I am proud of our tough stand on crime. (Applause.) Although if Congress passed my crime bill, we could be doing a lot better. We could be a lot tougher. And I'm proud of our judicial appointments -- judges who interpret and do not legislate from the Federal Bench. (Applause.)

And there are other things that are wrong. When kids can't say a voluntary prayer in school or when fathers stop coaching little league because they're afraid of liability suits, that, too, is wrong. (Applause.) And the same when people stop volunteering to help each other because they fear ambulance-chasers. This isn't the way the America we want, this isn't the way it's supposed to be, all these lawsuits out there. (Applause.)

These days a sharp lawyer would tell the Good Samaritan, keep on walking. I want to change that, so I've proposed reforms to our system to reduce the number of frivolous lawsuits.

Now, I don't want to get in trouble with the Bar Association, but I once quoted to someone that line, "An apple a day keeps the doctor away." And he said, "What works for lawyers?" (Laughter.) Legal reform will help our legal process work. But, you know, the real answer for solving problems is to be more concerned with helping each other than suing each other. (Applause.)

We're going to try to correct that from this legal reform bill I have before the Congress. Can't stop there though, not until we reform our health care system. Not because it doesn't offer the world's highest quality of health care, it does. I think everybody would agree on that. But we've got to reform it because too many people simply don't have access to health insurance. Too many people worry that they'll lose their insurance if they change jobs; or, worse still, if they lose their job. And anybody who's had even minor surgery knows that health care costs are going through the roof.

What's the solution? Not to go down the road of socialized medicine. (Applause.) All that means is long lines and impersonal service. And as I said at lunch, we can get that -- long lines, impersonal service -- at the Department of Motor Vehicles. (Laughter.) My idea, and we've got a good plan to do this, is to make insurance available to all, rich and poor alike, availability, keep the quality high, the bureaucracy low and preserve choice. The last thing we want is the government assigning you a doctor. (Applause.)

And I want you to know I'd written this before I knew there were going to be 200 doctors here tonight. (Laughter.) But

since I have your attention I have an ache in my shoulder and a small headache and I'd like to know what to do about it. (Laughter.)

Health care reform means improving the system. And there's another area where reform means changing the system. And I'm talking about welfare. Let's face it: Too often welfare encourages dependency instead of personal responsibility and the dignity of a job. And so we've asked all the departments and agencies to make it easier through the waiver process for state and local government to reform policies and help broken families. We need to help make families whole, help bring dignity back into their lives. And, yes, that means going after the deadbeat fathers who run out on their children and leave some struggling mother to take care of the responsibility. (Applause.)

There are so many issues out here. But this leads me, then, to the number one issue on the minds of all Americans: the economy -- jobs. People out of jobs are looking for jobs, people who have jobs are worried they might lose it tomorrow, worried about their jobs, providing for their families, meeting the challenges of paying the bills, buying a home, setting aside for retirement.

The American people want this economy to grow -- to create and preserve jobs. So in January, some of you may remember it in the State of the Union, I unveiled a two-part plan. The first part gets business moving again, upgrading plant and equipment, hiring workers again. It uses incentives like an investment tax allowance that speeds up the depreciation, calls for Congress to wake up and understand how jobs are created, and to cut the tax on capital gains which will create a lot of new small business jobs. (Applause.)

Housing and real estate have led us out of recessions in slow times before. So to get housing back on its feet I unveiled several common-sense proposals to get people buying and building homes. These proposals will create in Florida alone an estimated 26,500 additional housing starts and 51,000 new construction jobs. Now, perhaps the most easily understood proposal is a $5,000 tax credit for first-time homebuyers, that young family together that needs just a little more to own their first home. (Applause.) People almost able to buy that first home could do it with that extra $5,000 in their pocket.

Two hundred and three years ago on this very date the United States Congress met for the first time, this very date 203 years ago. I wonder what they would think today about the House Democrats' so-called plan. Here's the deal: 25 cents a day in temporary tax relief for two years, paid for -- typical of them -- by a large permanent tax increase. Now, over in the Senate, the bill the Democrats are working on is not much better than the one that's in the House. And its centerpiece is a huge tax increase. The last thing our economy needs now is a $100-billion tax hike, and they are not going to get it. (Applause.)

Zach alluded to this -- we drew a line in the sand in the Persian Gulf and we kept our word. So I'll draw another line in the sand right now. If the Democrats send me nonsense like the bill passed through the House, I will send it right back. I will veto it the minute it hits my desk. (Applause.) We are not going to inflict\ this on the American people. (Applause.) Instead of their crazy political maneuvers, Congress ought to pass my plan to make America more competitive. Here's the deadline: March 20th, the first day of spring. Here's the challenge: Give American workers a spring break. No more games, no more empty gestures. Just pass my plan and get this economy moving. (Applause.)

Some question the need to act now. Well, let me repeat the story of a little boy who asked why his friend's grandmother read the Bible so much. "I'm not sure," said his friend, "but I think it's because she's cramming for her finals." Urgency counts in any world. And so I'm asking Congress to also pass the

second part of my plan this year. It's a road map to make us competitive.

Our plan revolutionizes America's education system. I was reading that the average 8th-grader spends four times as much of his time watching TV as doing homework. TV should not be America's baby-sitter. We can change that -- (applause) -- by making our schools accountable, and demand excellence. Our plan will get the billions of dollars of government research and development more quickly to private sector businesses and workers. Good education, and then use our know-how to move our technology from the government labs out into the competitive world.

We have a commitment to children and strong families -- and our plan provides tax relief to strengthen the family. We want to raise the tax deduction for children by $500. Make no mistake, I want this entire plan passed this year. I want it passed now.

Behind all of this is an idea vital to America: To succeed economically at home, we have to lead economically abroad. Zach put his finger on the importance of America's leadership around the world. Some don't want us to lead -- they think we ought to just shut out the rest of the world. And they're dead wrong. More than 200,000 jobs in Florida stem from manufactured exports. And last year, more than $13 billion in exports went out through the Miami Customs District.

You know that the way to create jobs is not to cut and run -- not to pull back in some isolationistic sphere of protection; rather to open markets for our exports everywhere in the world. And I am going to fight hard in every foreign market to do just that. It is exports that have saved us in these rough times, and it is exports that will lead us into the most prosperous decade that lies ahead. (Applause.) And it's working -- our overall trade imbalance is down. Look at the figures: In 1988 the trade deficit stood at $119 billion. Today it's dropped to $66 billion -- a 44% drop in that relatively short period of time.

Now, I believe the American people want to hear about how we're going to address all these challenges, our country's challenges. And they want to hear solutions, not just a lot of tearing this country down and telling America how bad everything is. We have an awful lot to be grateful for in this country. (Applause.) They want to hear about the solutions that will keep inflation low, get our confidence high, protect the savings of our elderly. Solutions that will win the war on drugs -- and we are making great headway. And I salute Miami's heroic efforts in this battle against narcotics. We are winning. (Applause.) Witness the massive seizure of drugs in South Florida over the past several months. Witness the fact that drug use amongst teenagers is down by 60 percent in the last couple of years.

We've got a lot to do in this country -- a lot to do. But I am absolutely confident that we will get the job done. And I'm going to fight hard in the Florida Primary for these people -- fight for what is right, and good. I saw in the eight years my friend Ronald Reagan led America how leadership matters. Last year, as Zach mentioned, we saw America stand tall again in the Persian Gulf. And I believe the next five years are just too important to entrust to the inexperienced. So I ask for your help to keep our party strong, united so that we can win this fall.

And, yes, we have many challenges before us. But when haven't we? We're America. We're on the move. We're a country of change. And I guarantee you, we will meet every single challenge -- each and every one of them -- and meet them from the great Panhandle to the tip of the Florida Keys.

And, yes, there's an important primary next Tuesday, and then there's another election in November. And I guarantee you, I have never felt more confident about winning the primary and winning the general election. (Applause.) I've got to be a little careful; my mother's living up the coast here in Florida, so I've got to be careful. But I think I've been a good president, and I want to be your president for another four years. And I will give you my level-best and work my heart out for the greatest, freest country on the face of the Earth. Thank you, and may God bless America. Thank you all very, very much. What a great evening, and a great day in Florida. (Applause.)

END 8:50 P.M. EST

Every election year it seems a new expression or catch phrase is injected into the public debate. One of this year's favorite subjects is the notion of America First, and it is to that topic I would like to address myself this afternoon.

As you know, some of our critics argue that putting America first means concentrating all of our attention on internal domestic issues, as if America can truly stand in isolation. Well history proves that approach is dead wrong.

This great state of Michigan was once called the Arsenal of Democracy. Industries centered here had no peers and practically no competitors anywhere on the planet. Today, though, things are different. Michigan's manufacturers are not just competing with a few out-gunned adversaries. They are up against tough, hard-nosed competitors in practically every developed country.

That's why putting America first means taking actions both at home and abroad that will give our job creators -- especially our manufacturers -- the tools they need to win. And that's what we are doing.

America first means spreading freedom and democratic capitalism throughout the world. Creating more markets an more trading partners. Defending our friends and thwarting those who would undermine freedom. That is why, when Saddam Hussein grabbed Kuwait and threatened Saudi Arabia it was necessary for us to act. We could not allow Saddam to plunge the Middle East and perhaps the world into a prolonged war. We could not allow one of our allies and trade partners to be subjugated. Nor could

we permit a terrorist like Saddam to place a hammer lock on a huge percentage of the world's energy supply.

Just imagine where we would be today if we had listened to those whose idea of putting America first was to let Saddam have his way.

The middle east would be at war instead of at the peace table. More plants would be closing, gas lines would be endless and the cost of a barrel of oil would be XXXXX. That's not my idea of putting America first.

Putting America first also means cutting taxes and the federal deficit and refocusing our assets and technological skills on making better cars and computers and other products.

But doing that has been difficult because too many of this nation's resources have been devoted to its security. This choice had been a tough one. But both President Reagan and I believed that putting America first meant building a strong national defense. And we did. We also believed that such a commitment would change the world and, ultimately, permit us to reorder our priorities. And it has.

Because of our resolve, communism collapsed in Eastern Europe and in the Soviet Union. And now, for the first time in fifty years, we are talking about shifting our resources away from national defense, into the pockets of taxpayers and to address other domestic priorities.

We can also talk about shifting our creative genius to more productive aims. I firmly believe America's manufacturing might

can be just as dominant as our military might an now we have the opportunity to prove it. That is my idea of putting America first.

Manufacturing is and always will be the foundation of this country's economy and we will not permit our manufacturing industries to fail.

I don't care what any observer, foreign or domestic says, America's workers are the best workers in the world and we owe them our total dedication and support. We will keep manufacturing jobs in America, and we will give our workers a decent standard of living.

Now that we no longer have to devote so many of our resources to the defense of the free world, we will make sure that our competitors clearly understand that when America dedicates herself to a challenge we will succeed.

But there is much to do. For three successive years, I have sent Congress a blue print for action. Action that would strengthen our economy, make us more competitive and put Americans to work. But for three years Congress has played political games.

Our capital gains tax cut proposal, which would help build business and create jobs, has been stopped by the Democrats. They say it isn't fair. Well their failure to act had put people out of work and there is nothing fair about that. Ladies and gentlemen, we need a cut in the capital gains tax to stimulate

this economy, create jobs, and make America more competitive, and I ask for your help to convince Congress to give us that tax cut.

Instead of a job creation tax cut, the Democrats have offered us class war warfare. They want to raise taxes.

Sound familiar?

In 1990, in an effort to cut out federal spending, I made the mistake of giving the Democrats the tax hike they wanted. And thanks to that tax increase Americans lost jobs.

I will never make that mistake again.

Last week Congressional Democrats passed another tax hike proposal. Well, I have news for them. I learned my lesson in 1990. I will veto any tax increase legislation the Democrats send to my desk this year, or next year or any other year.

As for their so-called tax relief proposal, even they admit it won't create jobs or stimulate the economy. Nor will it really provide much relief. In fact, it will provide exactly 25 cents, one quarter, per day for those who qualify.

Now, I know you folks in Michigan are very familiar with a recent, similar Democratic proposal. If offered a nickel a week of tax relief. Well, I assure you to people who really need a job and the restoration of hope, there is not much difference between a nickel a week or a quarter a day.

In fact, I'd like the Democrats to explain how, in good conscience, they can offer Americans a quarter a day, instead of new jobs and opportunities. You know the Democrats say they

oppose trickle down economics. I say: If a quarter a day isn't trickle, tell me what is.

Our program will make a difference. And so will the other things we want to do for this country. To me putting America first means training our workers to meet the challenges of a new century. And our America 2000 Program is right on target. That plan will train our children and retrain our workers to meet the demands of the high tech world in which they will compete.

Putting America first also means breaking the cycle of dependency that has marred our society. In this state your Governor and my good friend John Angler had taken a dramatic and important step to break the cycle. He wants to give people more hope, not more welfare. And I completely agree, That's why I support John's program and why our administration will be doing everything we can to overcome Congress' resistance to substituting workfare for dependency and hopelessness.

Above all, though, putting America first means rebuilding our manufacturing base. That is why we have again sent a growth package to Congress and why we are continuing to move decisively, where possible, by executive order. We believe our plan provides the indispensable building blocks to a stronger economy -- especially in the manufacturing sector.

There are several parts of our plan that are of special importance here in Michigan.

Through the efforts of Vice President Quayle, we will continue to fight those who would regulate our industries out of existence. Today I am happy to announce XXXXX.

Our fight to help industry also include another key plank: civil justice reform. Too many businesses can't start up or keep going because too many lawyers and too much red tape got in the way. WE believe it is time to reform the product liability laws, reform the tort laws, and replace the explosion of mindless litigation with a little common sense.

I gave the Democrats a March 20th deadline to pass the first parts of our program and that deadline is fast approaching. We need action today and I promise you that if the Democrats don't act by March 20th we will carry the battle to them. We will let their constituents know they are losing jobs because the Democrats would rather win elections and play politics than help America.

America first also means not doing things that will set America back.

To make America competitive, our goals must be to sell American products throughout the world, not recede behind our borders and hope our competitors go away. They won't. That is not the way the world works today.

Today's market is a world market and isolationism will not succeed. Nor will inconsistent policies.

We can't support a free trade agreement with Canada and Mexico that allows us to fully compete in their countries and then practice isolationism here at home.

By the same token, we cannot and will not permit other countries to employ a double standard either. We will not tolerate unfair practices on the part of any of our trading partners and we are prepared to enforce that position through the use of all the legal tools we have at our disposal, including Super 301 power.

Now I realize that many people in this community, especially those int eh auto industry, feel that we have not been tough enough on our competitors. To you I make a pledge. If you focus your energy and attention on developing new technologies and a better product, I will focus my energy and attention on giving you the level playing field you deserve in order to make sure that America's auto industry is first in the world.

I believe we made a good start in January during our trip to Japan. But it was only a start. The work must and will continue. And I promise you that there is no higher priority in my office today than putting U.S. industry, especially the auto industry, back on its feet [wheels - ha ha].

To those whose siren song of doom and gloom about America, is based on political expediency, I say this: stop complaining, stop playing on fears and stop driving foreign cars.

Now I realize there are some politicians who think a Mercedes is superior to a Cadillac. In fact here in Michigan,

not too long ago, there was a politician who thought that a jet copter was superior to an automobile. Well ladies and gentlemen, John Angler crossed the finish line first in his trusty Oldsmobile and I intend to make sure that America crosses the finish line first behind the wheels of our Oldsmobiles, Chryslers, Fords and Chevys.

There is one last thing I want to say about the notion of America first. I recognize that in an election year it is a common tactic of those seeking high office to try to create the illusion that America would be a better nation if only they were given the chance to govern.

But I have to tell you that I feel a certain amount of resentment and disgust when I hear people suggest that this country is first. To those who doubt America is first, I say ask the thousands of immigrants who try to cross our borders every day, what they think of America.

Ask the citizens of Eastern Europe and the former Soviet Union who visit this country seeking guidance as they develop new democracies based on our promise of liberty, what they think of America.

Ask the men and women who I was with last December 7th at Pearl Harbour. The people who survived that struggle and the second world war; the people who helped defeat totalitarianism. Ask them whether they think America is first.

Finally, ask the men and women who last year fought in the deserts of the Middle East to help us achieve such a stunning

victory over Saddam Hussein. Ask them whether or not they think America is first.

Ladies and gentlemen, America is first in the eyes of all freedom loving people. I am proud of this country, I will fight for her and do everything necessary to make sure that America is always first.

# # #

3/10/92
7:25p

TO: JIM PINKERTON

FROM: DAN McGROARTY

8 pages tot.

Fax - 336-7117

McGroarty/Bunton
March 10, 1992
7:30 pm
[DET.2]

PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB
DETROIT, MICHIGAN
MARCH 7, 1992
xx:00 A.M.??

[Introductory acknowledgements.]

My thanks for that warm Michigan welcome. I want to talk to you today about the most important issue facing Michigan, the auto industry -- and this country. It's my number one priority: the state of our domestic economy -- especially, the manufacturing sector.

Manufacturing in general and the automobile industry in particular have been the greatest generator of good jobs of any industry in American history. I'm speaking not simply about the jobs created in the industry itself -- but the thousands upon thousands of jobs in supplier and spin-off businesses.

We've seen the beginning of the globalization of the service sector -- and each day brings new frontiers in the information economy. But manufacturing is and always will be the engine-house of this country's economy. No nation will ever lead the world without a strong manufacturing base.

Michigan and our country have been through some tough times. It's time for straight talk. / Before I focus on some of the specific problems we see facing the manufacturing sector, let me mention some of the things in our economy we can't afford to overlook. Interest rates are lower now than at any point in the past twenty years. Inflation -- the stealth tax that hits every

American in the pocketbook -- inflation is under control. For all our troubles, America is still the world's dominant economy: the one market other countries want to crack -- the economy producing goods in demand in every country, every corner of the world. // Right now, we're in the middle of a record export boom -- one that's narrowed the trade deficit from 119 billion to 66 billion dollars in the past four years alone. Not only are we number one in the world today -- but we've been gaining ground, not losing it, to our competitors. [STATS/EXAMPLES.] These are fundamentals we can build on -- the raw material to manufacture the solid, strong recovery we know we'll see.

There's no sense pretending things are better than they are -- but there's also no sense underestimating our strengths or exaggerating our weaknesses. The simple fact is, we face a future with both challenges and opportunities. In the past three years, we've helped bring about change that has reshaped our world for the better.

I don't think there's anyone in this room who doesn't believe that the key to America's economic future is our ability to lead -- to succeed in the world <u>economically</u>, as we have <u>politically</u>. That's what my economic plan is all about.

Back in January, I sent Congress a specific short-term action plan to stimulate our economy -- to spark a recovery as early as this spring. When I sent that plan to Capitol Hill -- I set a deadline. One short week from now: March 20. You know the story. Congress barely gave my plan a glance before they got

busy on their own agenda: a $90 billion dollar tax increase that will cripple this economy. You can count on this: I will veto any tax increase the Democrats send my way -- the minute it hits my desk.

At the same time, I sent Congress a broader, long-term plan to help make America more competitive. When I say competitive here's what I mean:

We must provide our children with a 21st Century education -- today. That's the idea at the heart of our America 2000 strategy: our plan to revolutionize -- to literally re-invent -- America's schools.

We've got to move forward on civil justice reform. Too many businesses can't start up or keep going because too many lawyers and too much red tape get in the way. Frivolous lawsuits sap our economy and strain our patience. It's time for reform -- time to replace the explosion of mindless litigation with a little common sense. //

We've got to reform our welfare system -- break the cycle of dependency that holds down so many in our society. Here in Michigan, your Governor John Engler has taken a dramatic and important step to replace despair with dignity. He wants to give people something more than a welfare check -- he wants to give them a way out. That's why I support John's program. Our administration is determined to overcome Congressional resistance. We will push forward on welfare reform.

And we've got to work to open markets around the world to American goods. // Earlier this year, I took some of the people here today with me to Japan. We all took a little flack in the press for that trip -- but the fact is, that trip was a successful mission, the beginning of a new push to open markets that for too long have been closed to quality American goods.

We've already seen results: new markets for American computers, glass and timber. That trip marked the beginning of an important process -- a process that is key to this country's economic future and one I will do all I can as President to advance. It signalled to our trade partners that America is serious about free and fair trade. Level the playing field, and American workers and American business can compete with anyone. //

So far today, I've talked about my plan -- my plan to get this economy growing again and to get this country ready for the challenges of a new century. But I want to make sure that when you walk out of this room today -- you know exactly where I stand regarding the future of this country's manufacturing base.

Let me tell you what I can do -- and I'll give it to you straight:

I will not allow the federal government to contribute to any deterioration in America's manufacturing base.

I will stop counter-productive regulations that cripple your freedom of action and cost this country jobs. And I will veto any CAFE legislation that costs a single American job. //

I will veto mandates that pass the buck to business and hurt competitiveness.

I will veto job-destroying tax increases.

I will fight for job-creating incentives.

I will fight on your behalf, to open markets around the world to American products -- and I will fight against protectionism.

I will champion education reform -- to train the kind of skilled workforce you'll need to compete in the 21st Century.

That's what I will do. You have my word on it. And now, here's what you in the business community must do. Some of the things I'm going to say may strike a nerve. But it's got to be said.

You've got to invest in your future: See past the next quarter's balance sheet -- look to the long-term.

You've got to train your workers -- give them the skills they'll need to cope with a changing workplace -- take a stake in our schools and help our kids take a shot at excellence.

You've got to continue to build on recent progress that has labor and management working as allies -- not adversaries. No company can compete when it's at war with itself.

You've got to fight for foreign markets -- make the commitment for the long-haul. Don't expect government to ride in to the rescue: Because there's one thing I won't do: and that's give one industry a leg up on all the others. Government can't second-guess the marketplace by picking winners and losers.

All this week I've been speaking about responsibilities -- about the responsibilities of each individual American citizen, about the government's responsibilities to the people. So let me add a word today about responsibility in corporate America -- about a practice that's managed to raise the blood-pressure of every working American, and fuel a cynicism about business this country just cannot afford. I think you know what I'm talking about. How many millions of people here in Michigan and across the country must have asked themselves how a company can lose money, lay off workers -- while its executives pull down these 7- and 8-figure pay packages? //

If responsibility has any meaning in the business world, it starts by linking pay to performance. Performance measured means performance improved: People back to work. Assembly lines up and running. Putting out a superior product -- and bringing in a profit: do that, and any executive can lay claim to a legitimate bonus.

The last thing I want to see is the government setting salaries. But when it comes to executive pay, there's nothing wrong with a little shareholder democracy. That's why I've asked the SEC to expand shareholders' access to information -- to give them a stronger voice in corporate councils. //

Let me say in closing: I recognize that it's an election year. When the rhetoric heats up, it gets a little tough separating fact from fiction.

But I sincerely believe: If we want to succeed economically at home -- we've got to compete economically abroad. I bring the same approach to the economic challenge we face today that I've brought to every challenge we've met -- and mastered. I want people to say: If you've got a fight you must win, if you've got a hell of a problem -- George Bush is the right man to tackle it. George Bush will get the job done. //

Thank you -- and may God bless the United States of America.

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