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House Adopts \$15 Billion Plan to Spur Job Growth

The House last week approved a \$15 billion measure intended to spur job creation by granting tax breaks to businesses that hire workers, as Democrats, bracing for new jobless figures, tried to show that Congress was doing something about stubborn unemployment.

Democrats pushed through the measure on a mainly party-line vote of 217 to 201. They characterized the measure, which also funneled an extra \$20 billion into road and bridge construction, as just the first step in a broad legislative push to bolster the economy and encourage hiring.

Representative Bob Etheridge, Democrat of North Carolina, said the bill was “really all about our three most important priorities in this Congress: jobs, jobs, jobs.” He estimated that the measure could create one million jobs.

Though the measure attracted bipartisan support when approved by the Senate last week, House Republicans were dismissive, saying it was cobbled together by Democrats for political purposes and would do little to spur new employment. And many Democrats, even though they backed the measure, considered it far too limited in scope.

Just 6 Republicans joined 211 Democrats in backing the measure; 166 Republicans and 35 Democrats were opposed. “This is a no-jobs bill, this is a faux-jobs bill, this is a snow-jobs bill,” Representative Steven C. LaTourette, Republican of Ohio, said.

Democrats in the House and Senate are eager to score some victories on job-related legislation even as they continue to be preoccupied with the fate of their health care overhaul. The bill passed by the House, which also extends the federal highway program and provides federal subsidies for public works bonds, was scaled back from a much larger measure in the Senate in an effort to speed it through.

But even advancing the narrower measure has vexed Democrats. Senate Democrats had hoped the House would simply pass its measure so it would land on President Obama's desk before a new jobless report last week. But House Democrats wanted several changes. They adjusted the bill to cover its costs more completely, to satisfy Democratic fiscal hawks. To attract liberal lawmakers who contended the measure was too meager, they added a provision to generate business for minority contractors. The revisions mean the measure will have to be reconsidered by the Senate, where it was unclear whether Republicans would seek to slow its progress.

The centerpiece of the legislation is a plan to exempt businesses that hire people who have been out of work for at least 60 days from paying the 6.2 percent payroll tax on those employees through year-end. It also grants a \$1,000 tax credit if the workers are kept on for a full year. Opinion is divided on whether the approach is effective or simply gives businesses a break on workers they would have hired anyway. But lawmakers said that given the dismal unemployment picture, they were willing to give it a try, and estimated the tax breaks would put 300,000 people to work.

That was not enough for some Democrats. "We should stop calling it jobs bill, and instead acknowledge this is about business tax cuts," said Representative Barbara Lee, a California Democrat and chairwoman of the Congressional Black Caucus. She voted against the bill and said much more needed to be done to reach the chronically unemployed.

In bolstering and extending the federal highway fund through the end of the year, lawmakers hoped to encourage state and local governments to move ahead with projects that provide good-paying jobs and bring some stability to a federal program that was shut down temporarily lastweek in a Senate fight over unemployment benefits. "It will save hundreds of thousands of jobs," said Representative Earl Blumenauer, Democrat of Oregon, about the transportation financing. "It will incite economic activity."

House members were upset over a Senate transportation provision that they said funneled too much money to California, Louisiana, Washington and Illinois; they extracted a promise from Senator Harry Reid of Nevada, the majority leader, to correct the allocation in a later bill. Democrats had intended to focus on job-creating measures this year but that plan has been disrupted by the continuing fight over the health care overhaul.

As the health negotiations continue, the Senate is moving forward on a \$150 billion package of business tax breaks and safety net programs that it hopes to approve next week. Democrats say they will next turn to providing more help for small businesses and aid to states.

*Carl Hulse, emphasis added
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Report: New Communications Technology = Good, Green Jobs: New communication technologies can be a key part of making our economy more energy-efficient and help create good jobs in the future, according to a new report. "Networking the Green Economy: How Broadband and Related Technologies Can Build a Green Economic Future," illustrates how a highly-networked economy with smart buildings, smart grids, teleconferencing and digital education will reduce carbon dioxide emissions and retain good, green jobs. The report was released yesterday at a Capitol Hill press conference by the Progressive States Network, Communications Workers of America (CWA), Sierra Club and the Blue Green Alliance. You can read the report [here](#). Speaking at the press conference, Rep. Edward Markey (D-Mass.), chairman of the Select Committee on Energy Independence and Global Warming said the Federal Communications Commission's (FCC) much anticipated National Broadband Plan could be a key part of an economic recovery.



250-Mile 'March For California's Future' Begins: A diverse group of California public employees today began a 48-day "March for California's Future." The march, sponsored by the California Federation of Teachers (CFT), AFSCME and a coalition of labor, education and faith groups, began in Bakersfield. The march will draw attention to the state's budget crisis and the devastating impact of budget cuts on Californians now and into the future. The goals of the march are to restore the promise of public education, create a government and economy that works for all and establish fair taxes to fund California's future. Hundreds of firefighters, nurses, in-home care workers, students and police officers will join the marchers for parts of their 250-mile trek to the state capitol in Sacramento.

Comcast Repair Techs Choose IBEW: Installation repair technicians at Comcast in Fairfield, N.J., withstood a strong anti-union campaign by the employer and voted last week to join Electrical Workers (IBEW) Local 827. The vote, which was administered by the National Labor Relations Board (NLRB), signals a change in the way the company's installation repair technicians are standing up for their rights on the job, said Local 827 Organizing Chair Jason D'Errico: *The win is groundbreaking for these workers. This is their first step toward gaining a collective bargaining agreement. The Comcast workers have stood strong against this multibillion-dollar giant.*



California Students Rise Up Against Massive Education Cuts:

Californians by the tens of thousands spoke as one yesterday demanding the primacy of public education in the state's budget. Up and down the state, students held scores of demonstrations, rallies, marches and teach-ins at governmental centers, universities, community colleges, high schools and elementary schools. The actions come as the 2010-2011 budget process looms and Republican Gov. Arnold Schwarzenegger, after promising in January to

increase education funding, instead cut \$2.5 billion from education in his budget



proposal. In Sacramento, several thousand students, teachers and workers rallied on the steps of the Capitol building, spilling out over the grassy mall. They demanded state legislators and the governor fully fund public education and make it affordable and accessible to all. State Senate leader Darrell Steinberg (D) and Assembly Speaker Manuel Perez (D), as well as several other legislators, pledged support for funding education. Assembly member Alberto Torrico (D) made a pitch for support of his bill that would create a 12.5

percent tax on oil extracted in the state to raise \$2 billion a year for public education. He noted that California is the only state in the nation that doesn't charge such a fee and that oil companies shouldn't be getting off the hook while education suffers.

Executive Council: Piracy Costs Good Jobs: The AFL-CIO Executive Council unanimously endorsed the entertainment industry unions' campaign to stop the theft of intellectual property, often called piracy. The council noted that each year, digital theft of sound recordings costs the U.S. economy \$12.5 billion in total output and costs U.S. workers 71,060 jobs. Feature film piracy results in an estimated \$5.5 billion in lost wages annually, and the loss of an estimated 141,030 jobs that would otherwise have been created. The council statement said, in part: *Motion pictures, television, sound recordings and other entertainment are a vibrant part of the U.S. economy. They yield one of its few remaining trade surpluses. The online theft of copyrighted works and the sale of illegal CDs and DVDs threaten the vitality of U.S. entertainment and thus its working people.*



Jobless Rate Remains at 9.7 Percent, Long-Term Unemployment a Crisis 7: The jobless rate remained at 9.7 percent, with 36,000 jobs lost in February, the U.S. Bureau of Labor Statistics reports today. The biggest hit came in construction, where employment fell by 64,000. Manufacturing remained steady but 18,000 jobs were lost in the information industry. Temporary help services added 48,000 jobs. The ongoing agony for long-term (those jobless for 27 weeks and over) jobless workers continues, with 6.1 million workers in February, roughly the same level since December. Some four in 10 unemployed persons have been

unemployed for 27 weeks or more. When both unemployed and underemployed workers are counted, there still are 26.2 million people without full-time work—a 16.8 percent under-employment rate. In fact, the under-employment rate (which includes not just the officially unemployed, but also jobless workers who have given up looking for work and part-time workers who want full time jobs) worsened from 16.5 percent to 16.8 percent. The AFL-CIO is moving an aggressive plan to push for new jobs, calling on Congress and the Obama administration to take five immediate steps to address the jobs crisis.

NUMMI Closing Highlights Need for U.S. Manufacturing Policy: Closing the New United Motors Manufacturing Inc. automotive plant in California will eliminate 25,000 jobs in the state and cost taxpayers \$2.3 billion to replace the jobs lost, according to a March 3 report by University of California professor Harley Shaiken. The Daily Labor Report (subscription required) notes: *California and municipalities near the Fremont, Calif., plant will lose nearly a billion dollars of revenue in the decade after the plant closes, according to a blue-ribbon panel formed by state Treasurer Bill Lockyer (D). Using estimates by the President's Council of Economic Advisers, the report found that "just creating 4,700 jobs—the number lost at NUMMI itself—would cost \$433 million."*



Congress Listen To Us!

Tell Big Insurance: We're Sick of It: When the heads of the nation's insurance companies come to Washington, D.C., next week to plot strategies for killing real health care reform, they'll be greeted by thousands of union members, community, health care and religious activists with one message: Stop. We're sick of the obscene high rates and insurance company abuses. We want health care reform now. AFL-CIO President Richard Trumka will lead a large union contingent to participate in a mass rally March 9th at the Ritz-Carlton Hotel in Washington, during the meeting of the big insurance industry front group, the America's Health Insurance Plans (AHIP). Many unions and union-related groups are working together on the rally, but some are making a major effort, including AFSCME, AFGE, AFT, Communications Workers of America (CWA), Office and Professional Employees (OPEIU), United Food and Commercial Workers (UFCW), SEIU and Interfaith Worker Justice (IWJ).

Why Are We Afraid to Create The Jobs We Need?



The Bureau of Labor Statistics reports that as of February 2010, the unemployment rate stands at 9.7 percent, and the official jobless rate is 16.7 percent, which also counts those who have stopped looking for work and those who have been forced into part-time work. See Bureau of Labor Statistics

[An extended unemployment bill] “doesn’t create new jobs. In fact, if anything, continuing to pay people unemployment compensation is a disincentive for them to seek new work...I’m sure most of them would like work and probably have tried to seek it, but you can’t argue that it’s a job enhancer. If anything, as I said, it’s a disincentive. And the same thing with the COBRA extension and the other extensions here,” Senator Jon Kyle, Arizona

Unemployment is the scourge of our nation. It causes death and disease. It eats away at family life. It erodes our sense of confidence and well being. And it’s a profound insult to the richest country on Earth.

Yet it takes a minor miracle for the Senate just to extend our paltry unemployment benefits and COBRA health insurance premium subsidies for a month. Workers are waiting for real jobs, but our government no longer has the will to create them.

How can we allow millions to go without work while Wall Street bankers—the ones who caused people to lose their jobs in the first place—“earn” record bonuses? Why are we putting up with this?

It’s not rocket science to create decent and useful jobs, (although it does go beyond the current cranial capacity of the U.S. Senate). It’s obvious that we desperately need to repair our infrastructure, increase our energy efficiency, generate more renewable energy, and invest in educating our young. We need millions of new workers to do all this work—right now. Our government has all the money and power (and yes, borrowing capacity) it needs to hire these workers directly or fund contractors and state governments to hire them. Either way, workers would get the jobs, and we would get safer bridges and roads, a greener environment, better schools, and a brighter future all around. So what are we waiting for?

Here’s what I’ve heard:

1. The private sector will create enough jobs, if the government gets out of the way.

Possibly, but when? Right now more than 2.7 percent of our entire population has been unemployed for more than 26 weeks — an all time-record since the government began compiling that data in 1948. No one is predicting that the private sector is about to go on a hiring spree. In fact, many analysts think it'll take more than a decade for the labor market to fully recover. You can't tell the unemployed to wait ten years.

Counting on a private sector market miracle is an exercise in faith-based economics. There simply is no evidence that the private sector can create on its own the colossal number of jobs we need. If we wanted to go down to a real unemployment rate of 5% ("full employment"), we'd have to create about 22.4 million jobs. (See Leo Hindery's excellent accounting.) We'd need over 100,000 new jobs every month just to keep up with population growth. It's not fair to the unemployed to pray for private sector jobs that might never come through.

2. We can't afford it. Funding public sector jobs will explode the deficit and the country will go broke.

This argument always makes intuitive sense because most of us think of the federal budget as a giant version of our household budget – we've got to balance the books, right?

I'd suggest we leave that analogy behind. Governments just don't work the same way as families do. We have to look at the hard realities of unemployment, taxes and deficits.

For instance, every unemployed worker is someone who is not paying taxes. If we're not collecting taxes from the unemployed, then we've got to collect more taxes from everyone who is working. Either that, or we have to cut back on services. If we go with option one and raise taxes on middle and low income earners, they'll have less money to spend on goods and services. When demand goes down, businesses contract—meaning layoffs in the private sector. But if we go with option two and cut government services, we'll have to lay off public sector workers. Now we won't be collecting their taxes, and the downward cycle continues. Plus, we don't get the services.

Or, we could spend the money to create the jobs and just let the deficit rise a bit more. The very thought makes politicians and the public weak in the knees. But in fact this would start a virtuous cycle that would eventually reduce the deficit: Our newly reemployed people start paying taxes again. And with their increased income, they start buying more goods and services. This new demand leads to more hiring in the private sector. These freshly hired private sector workers start paying taxes too. The federal budget swells with new revenue, and the deficit drops.

But let's say you just can't stomach letting the deficit rise right now. You think the government is really out of money—or maybe you hate deficits in principle. There's an easy solution to your problem. Place a windfall profits tax on Wall Street bonuses.

Impose a steep tax on people collecting \$3 million or more. (Another way to do it is to tax the financial transactions involved in speculative investments by Wall Street and the super-rich.)

After all, those fat bonuses are unearned: The entire financial sector is still being bankrolled by the taxpayers, who just doled out \$10 trillion (not billion) in loans and guarantees. Besides, taxing the super-rich doesn't put a dent in demand for goods and services the way taxing other people does. The rich can only buy so much. The rest goes into investment, much of it speculative. So a tax on the super rich reduces demand for the very casino type investments that got us into this mess.

3. Private sector jobs are better than public sector jobs.

Why is that? There is a widely shared perception that having a public job is like being on the dole, while having a private sector job is righteous. Maybe people sense that in the private sector you are competing to sell your goods and services in the rough and tumble of the marketplace—and so you must be producing items that buyers want and need. Government jobs are shielded from market forces.

But think about some of our greatest public employment efforts. Was there anything wrong with the government workers at NASA who landed us on the moon? Or with the public sector workers in the Manhattan project charged with winning World War II? Are teachers at public universities somehow less worthy than those in private universities? Let's be honest: a good job is one that contributes to the well-being of society and that provides a fair wage and benefits. During an employment crisis, those jobs might best come directly from federal employment or indirectly through federal contracts and grants to state governments.

This myth also includes the notion that the private sector is more efficient than the public sector. Sometimes it is, but mostly it isn't. Take health care, which accounts for nearly 17 percent of our entire economy. Medicare is a relative model of efficiency, with much lower administrative costs than private health insurers. The average private insurance company worker is far less productive and efficient than an equivalent federal employee working for Medicare. (See study by Himmelstein, Woolhandler and Wolfe)

4. Big government suffocates our freedom. The smaller the central government, the better — period, the end.

This is the hardest argument to refute because it is about ideology not facts. Simply put, many Americans believe that the federal government is bad by definition. Some don't like any government at all. Others think power should reside mostly with state governments. This idea goes all the way back to the anti-federalists led by Thomas Jefferson, who feared that yeomen farmers would be ruled (and feasted upon) by far-away economic elites who controlled the nation's money and wealth.

In modern times this has turned into a fear of a totalitarian state with the power to tell us what to do and even deny us our most basic liberties. A government that creates millions of jobs could be seen as a government that's taking over the economy (like taking over GM). It just gets bigger and more intrusive. And more corrupt and pork-ridden. (There's

no denying we've got some federal corruption, but again the private sector is hardly immune to the problem. In fact, it lobbies for the pork each and every day.)

It's probably impossible to convince anyone who hates big government to change their minds. But we need to consider what state governments can and cannot do to create jobs. Basically, their hands are tied precisely because they are not permitted by our federal constitution to run up debt. So when tax revenues plunge (as they still are doing) states have to cut back services and/or increase taxes. In effect, the states act as anti-stimulus programs. They are laying off workers and will continue to do so until either the private sector or the federal government creates many more jobs. Unlike the feds, states are in no position to regulate Wall Street. They're not big enough, not strong enough and can easily be played off against each other.

While many fear big government, I fear high unemployment even more. That's because the Petri dish for real totalitarianism is high unemployment — not the relatively benign big government we've experienced in America. When people don't have jobs and see no prospect for finding them, they get desperate — maybe desperate enough to follow leaders who whip up hatred and trample on people's rights in their quest for power. Violent oppression of minority groups often flows from high unemployment. So does war.

No thanks. I'll take a government that puts people to work even if it has to hire 10 million more workers itself. We don't have to sacrifice freedom to put people to work. We just have to muster the will to hire them.

Unfortunately, none of our political leaders have the nerve to declare an employment emergency and get busy creating millions of new jobs. Maybe it's because so many of them got elected with money from the financial industry, and Wall Street doesn't give a damn about jobs. The bankers are happy to continue their taxpayer-financed gambling spree, secure in the knowledge that they are still too big to fail. The Tea Party, instead of focusing its ire on these rapacious bankers, prefers to skewer big government and taxes, giving politicians one more reason to sit on their hands instead of creating jobs now.

Meanwhile, the unemployed are still out in the cold. Maybe the new Coffee Party will provide something more than warm drinks to those without jobs. But you heard it here first: We're going to have big trouble in this country if we don't create jobs for the unemployed in a hurry. They need them. They deserve them. We need to build a movement to demand them.

How about a Jobs Now Party?

Les Leopold is the author of The Looting of America: How Wall Street's Game of Fantasy Finance destroyed our Jobs, Pensions and Prosperity, and What We Can Do About It Chelsea Green Publishing, June 2009.