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Obama Turns to Job Creation, but Warns of Limited Funds

After months of focusing on Afghanistan and health care, President Obama turned his attention last week to the high level of joblessness, but offered no promise that he could do much to bring unemployment down quickly even as he comes under pressure from his own party to do more.

One effort offers weatherization incentives for homeowners and small businesses based on the “cash for clunkers” program. At a White House forum, scheduled for the day before the government releases unemployment and job loss figures for November, Mr. Obama sought new ideas from business executives, labor leaders, economists and others. Confronted with concern that his own ambitious agenda and the uncertain climate it has created among employers have slowed hiring, the president defended his policies.



Mr. Obama said he would entertain “every demonstrably good idea” for creating jobs, but he cautioned that “our resources are limited.” The president said he would announce some new ideas of his own next week. One of those, he indicated when he participated in a discussion group on clean energy, would be a program of weatherization incentives for homeowners and small businesses modeled on the popular “cash for clunkers” program.

On Capitol Hill, Ben S. Bernanke, the chairman of the Federal Reserve, told senators at a sometimes testy hearing on his confirmation for a second term, “Jobs are the issue right now.”

“It really is the biggest challenge, the most difficult problem that we face right now,” Mr. Bernanke added, citing in particular the inability of many credit-worthy small businesses to get bank loans.

In the House, where lawmakers are particularly sensitive to the employment issue since they all face re-election next year, Democratic leaders last week were finishing work on a jobs bill for debate this month. It would extend expiring federal unemployment benefits for people who have been out of jobs for long periods, and provide up \$70 billion for roads and infrastructure projects and for aid to small business. House Democrats plan to pay for the plan by drawing from the \$700 billion fund set up last year to bail out financial institutions.

The House also passed legislation last week that would freeze the federal tax on large estates at its current level. Under current law, the tax would have disappeared entirely next year, only to reappear at much higher levels in 2011. The vote highlighted the raft of fiscal issues facing the administration and Congress and the tension between addressing budget deficits and taking potentially expensive actions to help the economy.

Mr. Obama’s jobs event captured the political and policy vise now squeezing the president and his party at the end of his first year. It came on the eve of a government report that is expected to show unemployment remaining in double digits, and two days after Mr. Obama emphasized as he ordered 30,000 additional troops to Afghanistan that he did not want the financial burdens of the war to overwhelm his domestic agenda.

Both the domestic and the military demands on the administration are raising costs unanticipated when Mr. Obama took office, even as pressures build to arrest annual budget deficits now exceeding \$1 trillion. Those demands are also eroding the broad support that swept Mr. Obama into office, especially among independent voters, and igniting a guns-versus-butter budget debate in his own party not seen since the Vietnam era.



While liberals are calling for ambitious job-creating measures along the lines of the New Deal and Republicans want to scale back government spending programs, Mr. Obama talked at the White House recently of limited programs that he suggested could provide substantial bang for the buck when it comes to job creation. Among them was the weatherization program.

Called “cash for caulkers,” it would enlist contractors and home-improvement companies like Home Depot — whose chief executive was on the panel — to advertise the benefits, much as car dealers did for the clunkers trade-ins this year.

Yet that relatively modest proposal underscores the limits of the government’s ability to affect a jobless recovery with the highest unemployment rate in 26 years — and Mr.

Obama acknowledged as much. Just as he said in his Afghanistan speech that the nation could not afford an open-ended commitment there, especially when the economy is so weak and deficits so high, Mr. Obama emphasized at the jobs forum that the government had already done a lot with his \$787 billion economic stimulus package and the \$700 billion financial bailout that he inherited.

“I want to be clear: While I believe the government has a critical role in creating the conditions for economic growth, ultimately true economic recovery is only going to come from the private sector,” he told his audience, which included executives and some critics from American Airlines, Boeing, Nucor, Google, Walt Disney and FedEx.

Mr. Obama told the chief executives that he wanted to know: “What’s holding back business investment and how we can increase confidence and spur hiring? And if there are things that we’re doing here in Washington that are inhibiting you, then we want to know about it.”

He got a blunt answer from Fred P. Lampropoulos, founder and chief of Merit Medical Systems Inc., a medical device manufacturer in the Salt Lake City area. Mr. Lampropoulos said some in his discussion group agreed that businesses were uncertain about investment because “there’s such an aggressive legislative agenda that businesspeople don’t really know what they ought to do.” That uncertainty, he added, “is really what’s holding back the jobs.”

The president acknowledged, “This is a legitimate concern,” one that he and his advisers had discussed before he took office. But Mr. Obama said he had decided that “if we keep on putting off tough decisions about health care, about energy, about education, we’ll never get to the point where there’s a lot of appetite for that.”

The argument that Democrats’ ambitions are unnerving business is one that Republicans have been making lately, and it was prominent Thursday when House Republican leaders held a competing round table on jobs with conservative economists.

“The American people are asking, ‘Where are the jobs?’ but all they are getting from Washington Democrats is more spending, more debt and more policies that hurt small businesses,” said Representative John A. Boehner of Ohio, the House minority leader.

But W. James McNerney Jr., the head of the Boeing Company, said in an interview after the president’s forum, “If you ask me what creates the uncertainty I’m dealing with, it’s more the state of the economy.”

The administration’s domestic agenda is a problem only to the extent that it “is crowding out their attention” to the economy, Mr. McNerney said, adding, “I think the purpose of today was to convince us that there’s at least a half-pivot in the other direction.”

Jackie Calmes, emphasis added

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AFL-CIO News service graphic(s) added

Bargaining Rights for Airport Screeners Would Help Security: Granting collective bargaining rights to airport screeners and other Transportation Security Agency (TSA) employees would enhance national security, union leaders and Obama administration officials said last week. Federal border guards, immigration and customs and Federal Protective Service employees are already union members. In an interview with CNN last night, AFGE President John Gage pointed out that union members routinely protect the national security: *No one talked about union when the cops and fire fighters went up the stairs on 9/11 at the World Trade Towers. No one talks about our two members who took down the shooter at Fort Hood. There was nothing in their union membership that stopped them from doing their duties.*



North American Pilots Join ALPA: The 181 pilots at North American Airlines (NAA) are the newest members of the Air Line Pilots (ALPA). An overwhelming 87 percent of the pilots voted for the union. The pilots fly Boeing 757 and 767 aircraft for passenger, military and cargo operations around the world. “We are extremely pleased that the NAA pilots have joined the ALPA family,” says Capt. John Prater, ALPA’s president. NAA pilots realized that the world’s largest pilot’s union has the resources vital to help them enforce their current

contract now and prepare for negotiations in the future. The pilots chose ALPA “because of the many benefits such as aero medical services and the access to worldwide support through ALPA,” says Capt. Al Gallo, temporary master executive council (MEC) chairman of the NAA unit of ALPA. Those benefits extend to the ALPA staff whose vast experience and expertise will be invaluable in our efforts to protect our rights and advance our careers.



Whose University? California Students Fight for Access to Education:

Marcy Rein, a retired member of Office and Professional Employees (OPEIU) Local 29, gives us an in-depth report on the struggle by students at the University of California to oppose draconian cuts that endanger jobs and quality education. From a block away on Telegraph Avenue, you could sense the muffled rumble of the crowd on the University of California's Berkeley campus Nov. 18. Getting closer, you heard the call-and-response of "Whose university? Our university!"

from students, faculty and members of five campus unions gathered in Sproul Plaza. They had walked off the job and out of their classes to protest UC's move to slash staff, salaries and services and send student fees soaring.

Trumka on MSNBC: Jobs Summit a Good Step: AFL-CIO President Richard Trumka said on MSNBC's "The Ed Show" he was encouraged by the White House Jobs Summit earlier today and that he's looking forward to working on the urgent goal of job creation. Trumka told host Ed Schultz that in the discussions among President Obama, administration officials, economists and business leaders, there was a broad consensus that we need to fix an economy that has shed millions of jobs. Trumka said of the jobs summit: *I think it worked really well. The president really does understand the urgency of job creation. He said it on numerous occasions: jobs, jobs, jobs. I think his staff and Cabinet understand the importance of job creation. A lot of good ideas came out today that are usable. If we turn them around real quick, we can start putting Americans back to work in weeks.*



Jobless Rate Still Bleak, with 15.4 Million Workers Unemployed:

The nation's unemployment rate moved from 10.2 percent to 10 percent in November, with 15.4 million American workers unemployed, according to U.S. Department of Labor data released this morning. But when both unemployed and underemployed workers are counted, there still are some 26 million people without jobs or full-time work. At the start of the recession in December 2007, there were 7.5 million

jobless workers and the unemployment rate was 4.9 percent. Economic Policy Institute (EPI) Director Larry Mishel says he would not interpret this decline as the beginning of an ongoing reversal in the unemployment rate. In fact, the jobs situation likely will worsen for up to the next 12 months, he says. One reason: There is a backlog of people who dropped out of labor force who will come back in—up to 3 million jobless workers. And when they start looking for jobs again unemployment will rise. Unemployment rates for adult men now are 10.5 percent, 7.9 percent for women and 26.7 percent for teens. The jobless rate for white workers is 9.3 percent, 15.6 percent for African Americans, 12.7 for Hispanics and 7.3 percent for Asians.



Jobs Creation or Deficit Reduction? The Public Has Decided: Stop by any corner grocery store and ask the people standing in line: What do you worry about most—jobs or the nation’s budget deficit? If they don’t choke up laughing, chances are real high they’ll give the same response as did the public in two recent polls: *Priority #1: Jobs. Priority #2: Jobs. Priority #3: Jobs.* A poll for Democracy Corps published Nov. 30 found that when given a choice, “voters embrace a bold jobs initiative over a long-term deficit reduction program by two-to-one.” A survey taken by the Economic Policy Institute (EPI) earlier this fall revealed the same: The Hart Research Associates poll found that by a margin of 53 percent to 42 percent, the public is more concerned about rising unemployment rates than the rising federal deficit.



Minnesotans Urge Lawmakers: ‘Put People Back to Work’: Barb Kucera, editor of Workday Minnesota, reports on a roundtable discussion on the jobs crisis. Liz Freeberg, a Circle Pines resident who is one of thousands of unemployed Minnesotans, has a message for those gathered Thursday at President Obama’s White House jobs summit: *Keep focusing on the fact that this is about*

putting people back to work. I’ve applied for 40-45 jobs just in the last six months. I had one interview and I didn’t get the job. Her 18-year-old daughter has been unable to find employment since March, Freeberg said.



Labor Department Launches Major Attack on Black Lung: The Department of Labor’s Mine Safety and Health Administration (MSHA) today launched a major initiative to end new cases of black lung among the nation’s coal miners. MSHA’s initiative includes more focused enforcement, targeted education and training, rulemaking and collaboration with stakeholders. According to the National Institute for Occupational Safety and Health (NIOSH), cases of black lung are increasing among coal miners. Even younger miners are showing evidence of advanced and debilitating lung disease from excessive dust exposure. The Centers for Disease Control and

Prevention reports that more than 10,000 miners have died from black lung over the past decade. “The Department of Labor is absolutely committed to ending black lung disease,” Labor Secretary Hilda Solis said in a video message today at the launch of the initiative in Beckley, W.Va.

America Without A Middle Class?



PHOTO: ASIA KEPKA

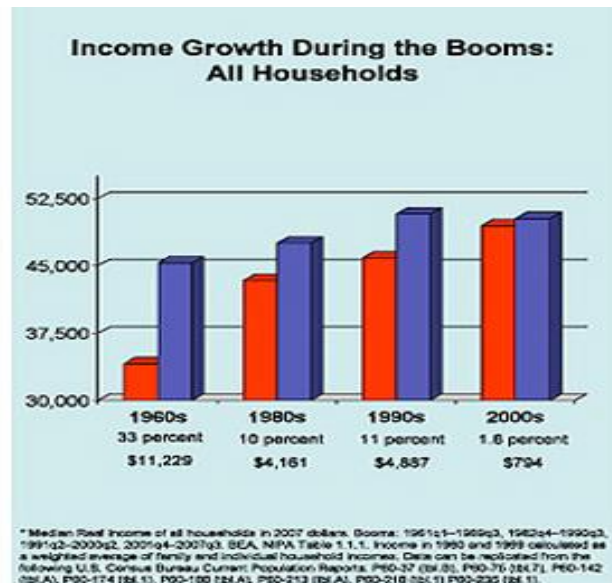
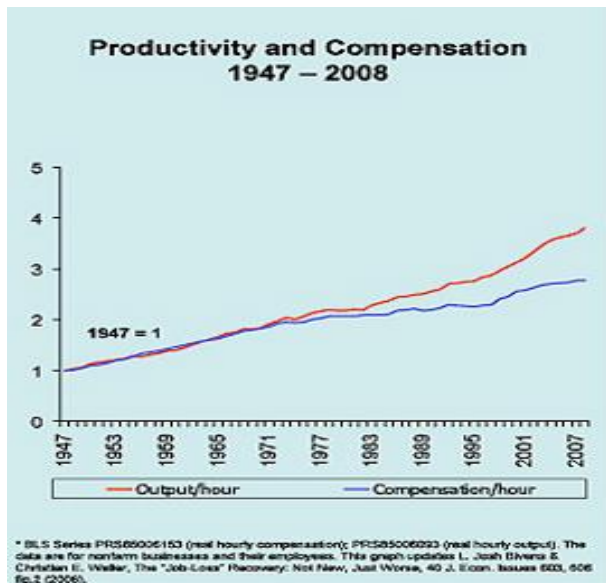
Can you imagine an America without a strong middle class? If you can, would it still be America as we know it?

Today, one in five Americans is unemployed, underemployed or just plain out of work. One in nine families can't make the minimum payment on their credit cards. One in eight mortgages is in default or foreclosure. One in eight Americans is on food stamps. More than 120,000 families are filing for bankruptcy every month. The economic crisis has wiped more than \$5 trillion from pensions and savings, has left family balance sheets upside down, and threatens to put ten million homeowners out on the street.

Families have survived the ups and downs of economic booms and busts for a long time, but the fall-behind during the busts has gotten worse while the surge-ahead during the booms has stalled out. In the boom of the 1960s, for example, median family income jumped by 33% (adjusted for inflation). But the boom of the 2000s resulted in an almost-imperceptible 1.6% increase for the typical family. While Wall Street executives and others who owned lots of stock celebrated how good the recovery was for them, middle class families were left empty-handed.

The crisis facing the middle class started more than a generation ago. Even as productivity rose, the wages of the average fully-employed male have been flat since the 1970s.

But core expenses kept going up. By the early 2000s, families were spending twice as much (adjusted for inflation) on mortgages than they did a generation ago — for a house that was, on average, only ten percent bigger and 25 years older. They also had to pay twice as much to hang on to their health insurance.



To cope, millions of families put a second parent into the workforce. But higher housing and medical costs combined with new expenses for child care, the costs of a second car to get to work and higher taxes combined to squeeze families even harder. Even with two incomes, they tightened their belts. Families today spend less than they did a generation ago on food, clothing, furniture, appliances, and other flexible purchases — but it hasn't been enough to save them. Today's families have spent all their income, have spent all their savings, and have gone into debt to pay for college, to cover serious medical problems, and just to stay afloat a little while longer.

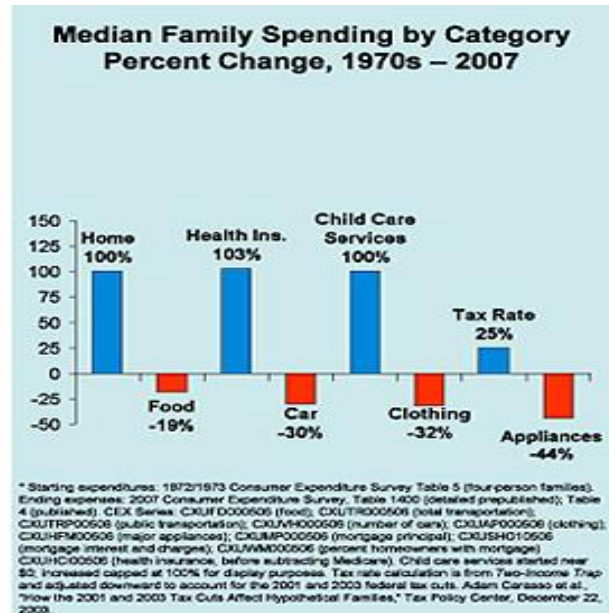
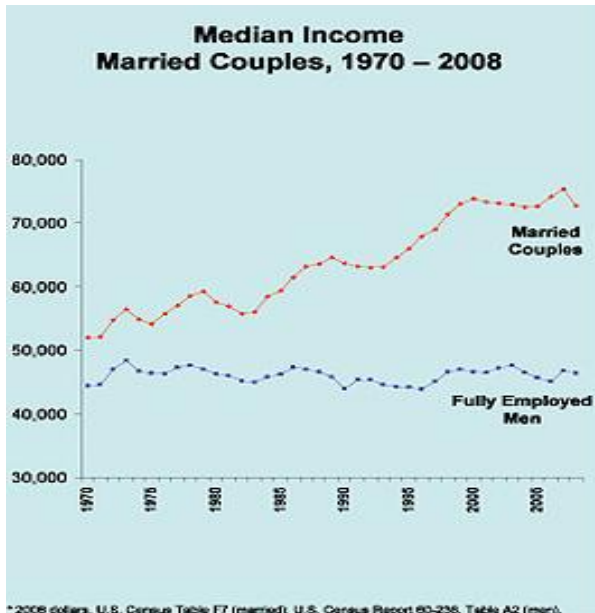
Through it all, families never asked for a handout from anyone, especially Washington. They were left to go on their own, working harder, squeezing nickels, and taking care of themselves. But their economic boats have been taking on water for years, and now the crisis has swamped millions of middle class families.

The contrast with the big banks could not be sharper. While the middle class has been caught in an economic vise, the financial industry that was supposed to serve them has prospered at their expense. Consumer banking — selling debt to middle class families — has been a gold mine. Boring banking has given way to creative banking, and the industry has generated tens of billions of dollars annually in fees made possible by deceptive and dangerous terms buried in the fine print of opaque, incomprehensible, and largely unregulated contracts.

And when various forms of this creative banking triggered economic crisis, the banks went to Washington for a handout. All the while, top executives kept their jobs and retained their bonuses. Even though the tax dollars that supported the bailout came largely from middle class families — from people already working hard to make ends meet — the beneficiaries of those tax dollars are now lobbying Congress to preserve the rules that had let those huge banks feast off the middle class.

Pundits talk about "populist rage" as a way to trivialize the anger and fear coursing through the middle class. But they have it wrong. Families understand with crystalline

clarity that the rules they have played by are not the same rules that govern Wall Street. They understand that no American family is “too big to fail.” They recognize that business models have shifted and that big banks are pulling out all the stops to squeeze families and boost revenues. They understand that their economic security is under assault and that leaving consumer debt effectively unregulated does not work.



Families are ready for change. According to polls, large majorities of Americans have welcomed the Obama Administration’s proposal for a new Consumer Financial Protection Agency (CFPA). The CFPA would be answerable to consumers — not to banks and not to Wall Street. The agency would have the power to end tricks-and-traps pricing and to start leveling the playing field so that consumers have the tools they need to compare prices and manage their money. The response of the big banks has been to swing into action against the Agency, fighting with all their lobbying might to keep business-as-usual. They are pulling out all the stops to kill the agency before it is born. And if those practices crush millions more families, who cares — so long as the profits stay high and the bonuses keep coming.

America today has plenty of rich and super-rich. But it has far more families who did all the right things, but who still have no real security. Going to college and finding a good job no longer guarantee economic safety. Paying for a child’s education and setting aside enough for a decent retirement have become distant dreams. Tens of millions of once-secure middle class families now live paycheck to paycheck, watching as their debts pile up and worrying about whether a pink slip or a bad diagnosis will send them hurtling over an economic cliff.

America without a strong middle class? Unthinkable, but the once-solid foundation is shaking.

Elizabeth Warren is the Leo Gottlieb Professor of Law at Harvard and is currently the Chair of the Congressional Oversight Panel created to oversee the banking bailouts.