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E.P.A. Seeks Stricter Rules to Curb Smog

The Environmental Protection Agency on Thursday proposed a stricter standard for smog-causing pollutants that would bring substantial health benefits to millions of Americans while imposing large costs on industry and local governments.

The standard would replace one set by the Bush administration in March 2008, which has been challenged in court by state officials and environmental advocates as too weak to adequately protect human health and the environment.

The Obama administration's proposal sets a primary standard for ground-level ozone of no more than 0.060 to 0.070 parts per million, to be phased in over two decades. Regions with the worst smog pollution, including much of the Northeast, Southern and Central California and the Chicago and Houston areas, would have more time than other areas to come into compliance.



The new rule would replace the standard of 0.075 parts per million imposed by the Bush administration over the objection of an E.P.A. scientific panel, which wanted a tighter limit. The previous standard of 0.084 parts per million was set in 1997 by the Clinton administration.

The Obama administration is also proposing a secondary smog standard that would vary with the seasons to protect plants and trees from repeated exposure.

The agency estimated that complying with the new standard would cost \$19 billion to \$90 billion a year by 2020, to be largely borne by manufacturers, oil refiners and utilities. But the agency said that those costs would be offset by the benefits to human health, which it valued at \$13 billion to \$100 billion a year in the same period.

The new standard would force hundreds of counties that meet the current law to take costly steps to get back into compliance. Under the current standard of 0.075 parts per million, 322 counties of the 675 that monitor ozone levels are out of compliance. If the 0.070 limit is adopted, 515 counties would be out of compliance. Only 15 of the 675 monitored counties now meet the 0.060 standard.

In areas that do not meet the new standards, state and local governments will have to impose regulations to reduce the pollutants that produce smog, using technologies that have already cut such emissions from smokestacks, tailpipes and manufacturing plants, or new technology as yet uninvented.

The nearly 40-year history of the Clean Air Act has shown that science — and the threat of costly penalties — have given industry the tools and incentive to find ways to cut ozone-producing gases.



Penalties for noncompliance include fines and loss of federal highway financing. Agency analysts project that if the stricter standard is adopted, as many as 12,000 premature deaths per year from heart or lung diseases could be avoided, along with thousands of cases of bronchitis, asthma and nonfatal heart attacks.

“E.P.A. is stepping up to protect Americans from one of the most persistent and widespread pollutants we face,” Lisa P. Jackson, the agency’s administrator, said in a statement. “Smog in the air we breathe poses a very serious health threat, especially to children and individuals suffering from asthma and lung disease. It dirties our air, clouds our cities and drives up our health care costs across the country.”

Smog or ground-level ozone is not emitted by a single source, but is, according to the E.P.A., formed by a reaction of nitrogen oxides, volatile organic compounds, carbon monoxide and methane in the presence of sunlight. The main sources of these pollutants are power plants and factories, fumes from volatile solvents, vehicles emissions and gasoline vapors.

Smog is worse in the summer because of heat and sunlight, and can travel hundreds of miles from its source and affect small towns, rural communities and wilderness areas.

The leader of an association of air-quality enforcement agencies welcomed the proposal. “This is exactly what states and localities have advocated for 30 years,” said S. William Becker, executive director of the National Association of Clean Air Agencies. “This will not be easy to achieve, whichever number the E.P.A. ultimately chooses, but it’s a decision that will ensure that public health is protected with an adequate margin of safety.”

Mr. Becker also said that the projected costs of compliance were likely to be lower than the agency’s estimate. “And the benefits will likely trump the costs many times over,” he said.

The American Petroleum Institute, the oil companies’ chief lobby, criticized the proposal as costly and likely to be ineffective. The group said there was no new scientific basis for changing the standard set at the end of the Bush administration.

“To do so is an obvious politicization of the air-quality standard-setting process that could mean unnecessary energy cost increases, job losses and less domestic oil and natural gas development and energy security,” the group said in a statement issued minutes after the agency’s announcement.

The trade association for electric utilities, the Edison Electric Institute, reacted warily. “We probably won’t know for a couple of years just what utilities and other emissions sources will be required to do in response to a tighter ozone standard,” said John Kinsman, the institute’s senior director for the environment. “States will have to cast a very wide net when targeting sources for emissions cuts, in part because utilities already have made substantial reductions in ozone-related emissions.”

The E.P.A. will take public comment on the proposal for 60 days and expects to issue a final rule in August with a single standard between 0.060 and 0.070 parts per million. By the end of 2013, states must submit plans showing how areas that do not attain the new standard will be brought into compliance.

The new rules would be phased in between 2014 and 2031, with deadlines depending on how dirty the air is in a given region.

Frank O’Donnell of Clean Air Watch, an advocacy group, said that the ozone rule was the most significant environmental action the Obama administration was likely to take this year.

“This will ultimately mean cleaner air all across America,” Mr. O’Donnell said. “This is going to drive pollution control into the next decade and beyond.”

John M. Broder, emphasis added

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AFL-CIO News service graphic(s) added

Flight Attendants Protest Slow Contract Talks with United: Contract negotiations are going way too slowly with United Airlines, so the Flight Attendants-CWA (AFA-CWA) today is holding informational pickets at 17 different airports around the globe to protest “the failure of United Airlines management to negotiate a new contract on time.” The AFA’s frustration with United has smoldered for five years, after flight attendants were forced to accept severe wage and benefit cuts as part of the carrier’s reorganization. United’s parent, UAL Corp., emerged from three years in bankruptcy with flight attendants providing \$131 million in labor savings annually. Under the 2005 agreement, flight attendants’ hourly wages were trimmed 9.5 percent and their defined benefit pension plan was jettisoned to the Pension Benefit Guaranty Corporation. In the intervening years, flight attendants watched wave after wave of layoffs as United realigned operations in response to changing demand for air travel.



Health Care Reform Tax Hits More Chevys than Caddies: Working families, their unions and health care activists are continuing their battle to ensure that the final health care reform package being hammered out in negotiations between House and Senate leaders is real and meaningful reform. (Click here to find out more about the two bills and next week’s National Call-In Day for health care reform.) The hot topic on the blogs and in the mainstream media is the fate of the tax on workers’ health benefits that is part of the Senate-passed bill. Backers of the tax say it would impact only “Cadillac plans” but the Economic Policy Institute (EPI) calls that an “urban legend.” Says EPI economist Josh Bevins:

The excise tax proponents say their target is a Cadillac, but in reality they’re about as likely to hit a Chevy. The excise tax is not a progressive levy on lavish plans. Instead it’s a tax that will hit small businesses, older workers, and those most in need of health care the hardest.



Better Enforcement = Fewer Mine Deaths: Mining deaths fell to an all-time low last year, and two of the key reasons, says the Mine Safety and Health Administration (MSHA), are stronger enforcement of mine safety laws and the tougher mine safety rules passed in 2006 after a series of explosions, fires and other deadly incidents. MSHA figures show 18 coal miners were killed on the job in 2009 and 16 workers in metal/nonmetal mines were killed—a drop from 2008’s total of 53 deaths. Says Secretary of Labor Hilda L. Solis: *No one should have to die for a job. Our nation’s miners, like all workers, deserve jobs that allow them to provide for themselves and their families. No job is truly*

good unless it is safe. Joseph A. Main, assistant secretary of labor for mine safety and health, says while the number of mine deaths was at a record low, they still “represent a tragic loss to the families and friends of the 34 victims.”

House or Senate Health Care Reform? Compare for Yourself : Over the coming days—and maybe weeks—U.S. House and Senate leaders, along with the Obama White House, will be working to shape one health care reform bill from the two each chamber passed earlier this year. Now is a good time to compare the two and we’ve posted a comparison here. After you’ve compared the bills, mark you calendar for Jan. 13 to join in a National Call-In Day to the House to demand health care reform that works for working families. See details below. The pair has many common elements that will help working families cope with the ever-rising costs of health care and address serious flaws and shortcomings in the nation’s health care system. Health care reform advocates say that more than three-quarters of the bills’ provisions share such features as consumer protections, more affordable coverage for active workers and retirees and seniors, expanded coverage and cost containment.



Hotel Workers, Trumka Arrested at Sit-In for Fair Contract: More than 100 union members, AFL-CIO President Richard Trumka and UNITEHERE! President John Wilhelm were arrested at a sit-in demanding justice and a fair contract for San Francisco hotel workers last night. The workers have been without a contract since August. The sit-in in front of the Hilton San Francisco followed a march by nearly 1,000 members of UNITEHERE! Local 2, other union members and community and political supporters. Says Ingrid Carp, a cook for 29 years at the Hilton: *“We’re determined as ever to win a good contract. It’s wrong for corporations to position*

themselves to make billions with the coming economic recovery, and expect us to go backward.” The action is part of a campaign to win fair contracts at several national hotel chains, including Hilton, Hyatt and Starwood. The profitable chains are using the recession as an excuse to demand health care benefit cuts in contract talks with more than 16,000 workers at dozens of hotels in San Francisco, Chicago and other cities.



Health Insurance CEO's \$73 Million Bonus Covers a Lot of Co-Pays—and Other Health Care News: Millions of working families are struggling to pay the ever-rising costs of health care or going without, and they await what Congress will do with health care reform. But one person who won't have to worry about the final shape of health care legislation is H. Edward Hanway. He just retired as CEO and chairman of the board of the health insurance behemoth CIGNA. Even if his co-pays double and his deductibles and premiums rise, his \$73 million retirement bonus—not to mention \$12 million compensation in 2009—should take care of those pesky increases. Read more at the Health Care Journal of Northern California.

Meanwhile, the House and Senate leaders are meeting this evening with President Obama to try to hash out the next steps in the health care battle, now that both houses have passed bills with significant differences.

Trumka: To Solve Job Crisis 'We Must Create Different Kind of Economy: After meeting with several unemployed San Diego workers this morning, AFL-CIO President Richard Trumka spoke at a rally of workers, union, community and faith leaders calling for creation of a local jobs program. What I've seen here this morning as I sat with some of the hard-working people of this great city—people who through no fault of their own are without jobs—is another grim reminder of the ever-present struggles of working families in this city, this state, this country. He said the labor movement and the nation's leaders must “respond as never before to create a different kind of economy.”



Recession's Lost Wages Cost More than Health Care Reform: Here's a stunning fact that points both to the need for Washington lawmakers to rapidly move on massive job creation and pass health care reform: The wages lost as a result of the 2008-2012 recession will top \$1 trillion—more than the estimated 10-year cost of health care reform. The non-partisan Congressional Budget Office estimates unemployment at more than 7 percent in 2012. Last year, in fact, the United States spent \$2.3 trillion on health care—\$7,681 per person, a far larger per-person cost than in western European nations where everyone actually gets health coverage (unlike the 47 million Americans here who don't.) Yet opponents of health care reform and foes of a public-sector role

in job creation continue to harp on the long-discredited theory that the private sector will come to the rescue of our nation's ills. As Mark Weisbrot, an economist at the Center for Economic and Policy Research (CEPR), points out: For conservatives to insist that we now rely only on the private sector for economic recovery is a bit like Bernie Madoff starting a new mutual fund from prison with the slogan, “Trust me.”

Bringing Overpaid Executives To Heel



A recent Time magazine poll found that 71% of Americans who responded want the government to place limits on the executive compensation at firms that received bailout money. Yet accomplishing this task selectively is impossible to do.

The government did appoint a czar of executive compensation for these corporations, but he approved a \$7-million salary/\$3.5-million bonus plan for the head of AIG, 80% of which is now owned by taxpayers.

Few workers, executives included, would agree to work for less than the going rate. Executives are simply used to earning millions of dollars, and there is little that either the czar or shareholders can do about it unless Congress limits all executive compensation. But the chance of such legislation passing is slim.

Why is limiting executive compensation so difficult? Because executives have a seemingly unassailable argument — market forces — that University of Chicago professor Steven Kaplan defended in an October debate: “Market forces govern CEO compensation. CEOs are paid what they are worth.”

Of course, market forces are cited not only to justify outsized compensation for executives but also poverty wages for workers. Textbooks claim that minimum wage laws and union wages create unemployment. Just what are these market forces, and should we let them determine executive compensation and wages?

When British economists David Ricardo and Adam Smith examined this question 200 years ago, they concluded that what a person earns is determined not by what the person has produced but by that person’s bargaining power.

Why? Because production is typically carried out by teams of workers, managers and machines, and the contribution of each member cannot be separated from that of the rest. A driver and a bus, for example, generate \$100,000 of income a year. The driver is paid \$25,000. Is this because the driver had transported 10 of the passengers without

the bus while the bus had transported 30 of the passengers without the driver? The driver's pay is so small only because the driver is so weak at the bargaining table.

It was Smith who explained that the bargaining power of each party is determined by the laws that the government passes and the way that it enforces them, and that, as a rule, the government sides with employers against employees.

He was particularly concerned with anti-unionization laws. Had he witnessed the largesse that boards of directors are permitted to offer executives, and the government's behavior toward executives in the current crisis, he probably would have added that the government also sides with executives against shareholders and taxpayers.

Despite the logic of Ricardo and Smith's explanation that it is power, not productivity, that determines what people earn, the notion that people earn what they "deserve" persists. It dates to the Haymarket riot of 1886 in Chicago — in which police and labor protesters clashed and several policemen and demonstrators were killed — and the labor unrest that followed.

Concerned about this unrest, John Bates Clark, a Columbia University professor, warned in an 1899 book: "The indictment that hangs over society is that of 'exploiting labor.' If this charge were proved, every right-minded man should become a socialist."

It was thus with a clear political agenda that Clark took it upon himself to prove that the charge of exploitation of workers was dead wrong. Clark's "proof" was to ignore the fact that production is carried out by teams and that individual contributions cannot be measured.

He simply declared that the contribution of each individual worker and each machine could be measured, and that the earnings of either workers and executives or machines are simply the values of these contributions.

In this view, if the government were to raise wages by law, employers would have no choice but to fire workers, because no employer can pay out more than the worker puts in. And if the government were to set limits on executive compensation, the bright and the talented would choose to work less or limit the level of their performance.

Evidence that Clark's theory is wrong — that production is carried out by teams and that astronomical compensation is not a requirement for good performance — can be found everywhere. In 1941, Wassily Leontief, a Nobel Prize-winning economist, tried to alert economists to the fallacy of Clark's theory. But Leontief, like Ricardo and Smith, was ignored. And Clark's tale that earnings are determined by productivity alone is still being taught around the globe.

Corporate executives take a different approach: picking the argument that suits them. When it comes to their workers' wages, Clark's theory rules: The wage of each worker is equal to the value of his or her product, and raising wages will cause unemployment. When it comes to the executives' own compensation, however, they hide behind the idea

that an individual's contribution can't be measured. So even when the corporations they run lose big and their stocks decline, they still collect millions in pay. Executive compensation is now so large that executives' work effort no longer has any relation to the level of their compensation.

Adam Smith got it right: The remedy for the rule of power is the rule of law. We need new laws to check the unfair distribution of the fruits of our labor. One such law could set a maximum ratio at any given company between the highest executive compensation and the lowest worker's wage.

Another could set a minimum ratio for the division of income between labor and shareholders. Still another could raise the minimum wage and tie it to the median wage, which would make the minimum wage a consistent living wage.

Overpaid executives take more than their fair share and leave too little for the rest of us, threatening our health — and that of society.

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