

American Postal Workers' Union Tri-State Conference 2011

Common Sense Economics

How Would You Define the “American Dream”?



Have we ever come close to achieving this ideal?

What are your economic indicators?



In groups, discuss the
“Economic Stress Test”

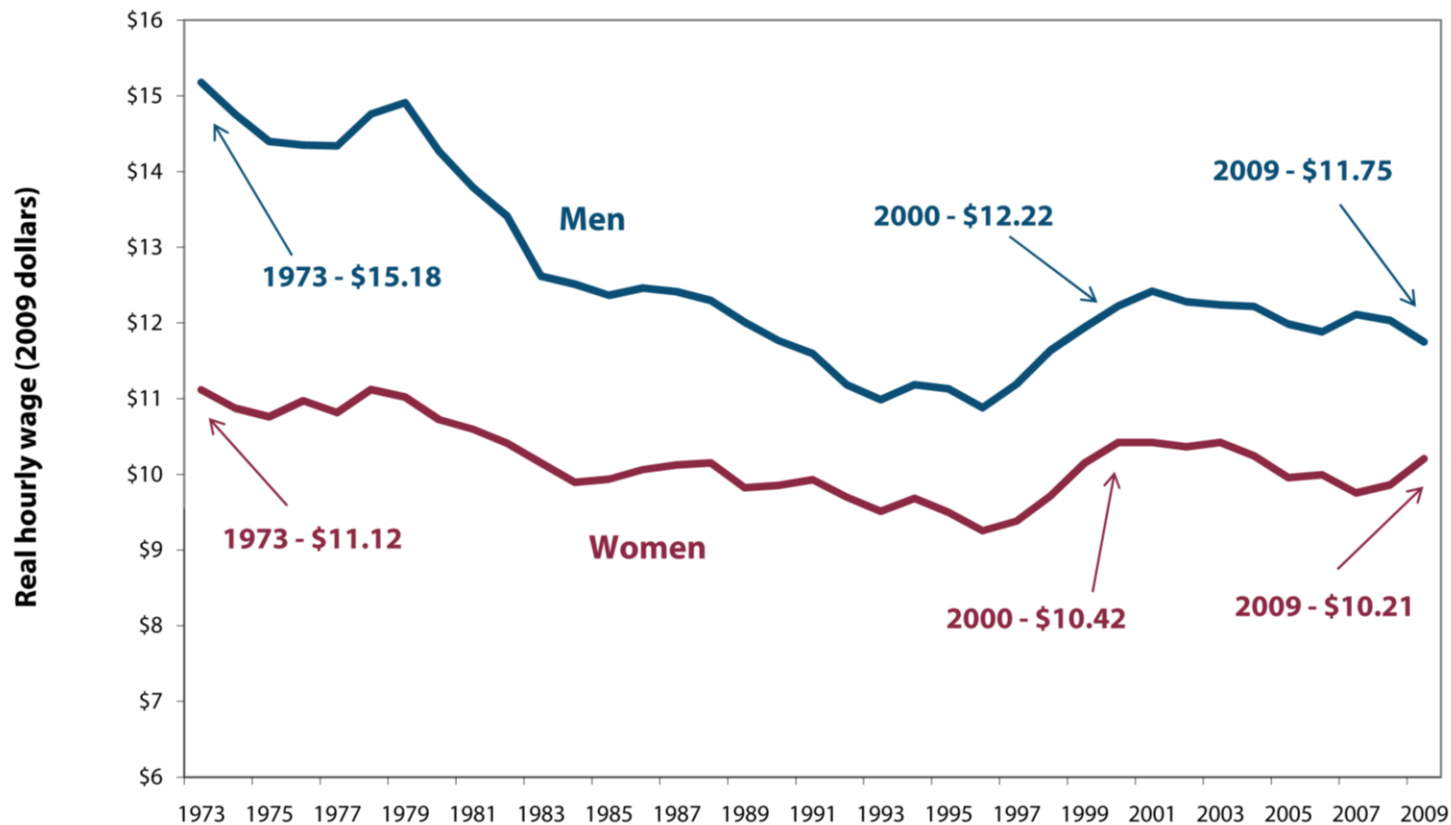
What are the biggest
economic pressures
facing your families?

**There's a reason working
families are feeling squeezed**

Wages Have Stagnated and Declined – Even for Graduates

Graduates starting at lower wages

Entry-level wages of male and female high school graduates age 19-25, 1973-2009



Source: EPI's analysis of the Current Population Survey, Outgoing Rotations Group.

Earning less, but producing more!

Productivity up in 4th quarter as labor costs drop

March 3, 2011

Martin Crutsinger, AP Economics Writer

Productivity grew in the final quarter of 2010 ... **while labor costs were falling at an annual rate of 0.6 percent...**

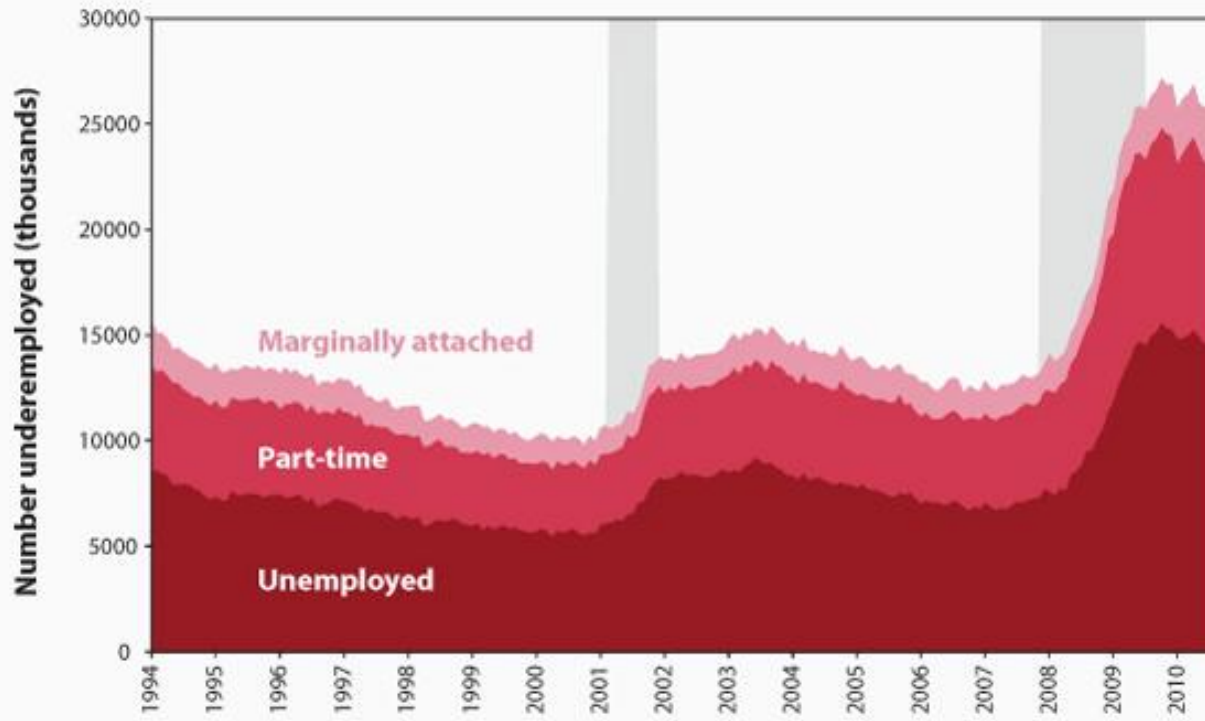
For the year, **productivity grew 3.9 percent, the biggest increase in eight years.**

However, economists say productivity could grow at just half that rate in 2011 as **companies reach the limit on the amount of output they can squeeze out of their existing workforces** and start hiring more employees.

Unemployment still at record high

A more comprehensive measure of slack in the labor market

The number of underemployed workers, including those unemployed, part-time for economic reasons, and marginally attached, 1994-2010



Note: Shaded areas denote recession.

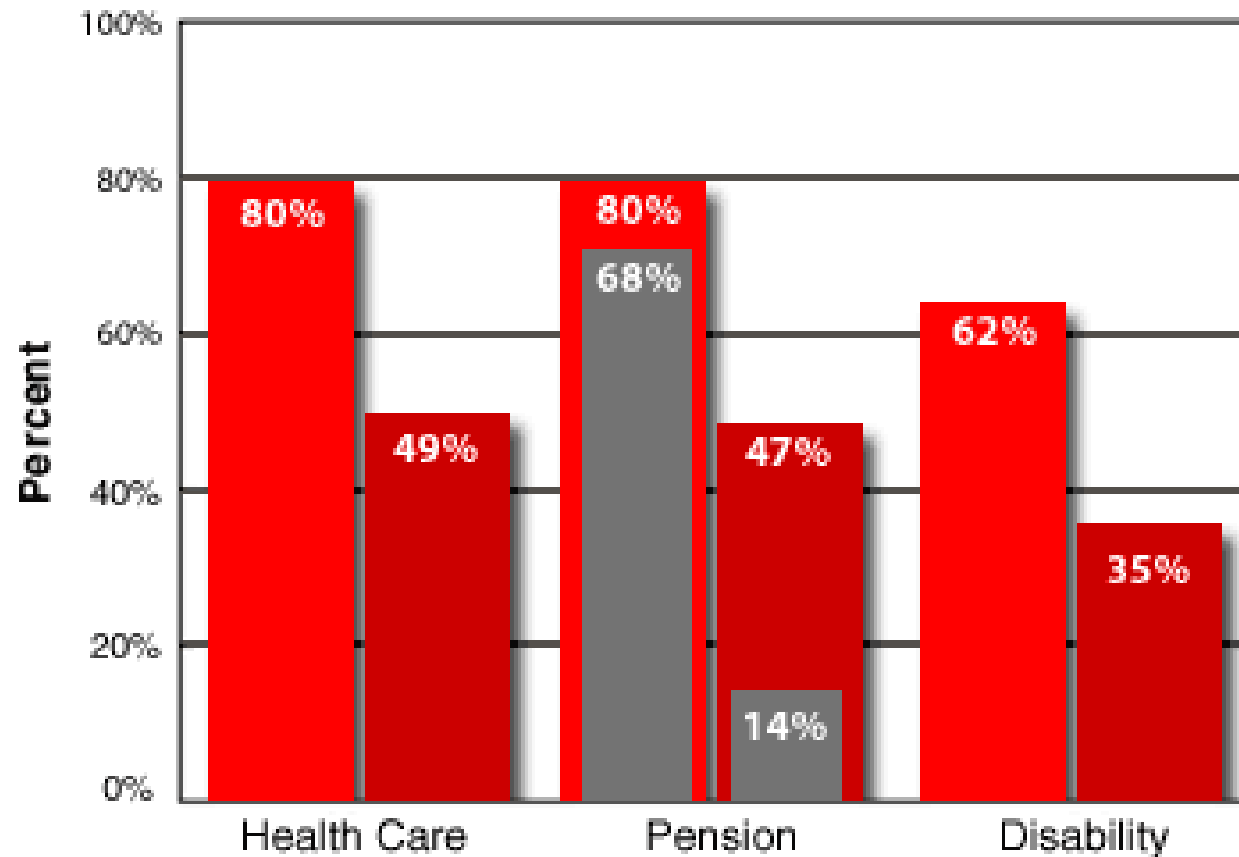
Source: Bureau of Labor Statistics, Current Population Survey.

Oct 2010:

17% of workers could not find the amount of work they wanted



Benefits eroding – much worse in non-union jobs (2005 data)



Note: Defined-benefit pensions are a subset of all pensions.

Disability refers to short-term disability benefits.

Source: U.S. Bureau of Labor Statistics, National Compensation Survey: Employee Benefits in Private Industry in the United States, 2009 (Private Industry Workers, Tables 2, 9 and 16).

Union **Nonunion**
Defined-benefit pension

Young workers face tough start

In a 2009 Survey of Young Workers (under 35 years old):

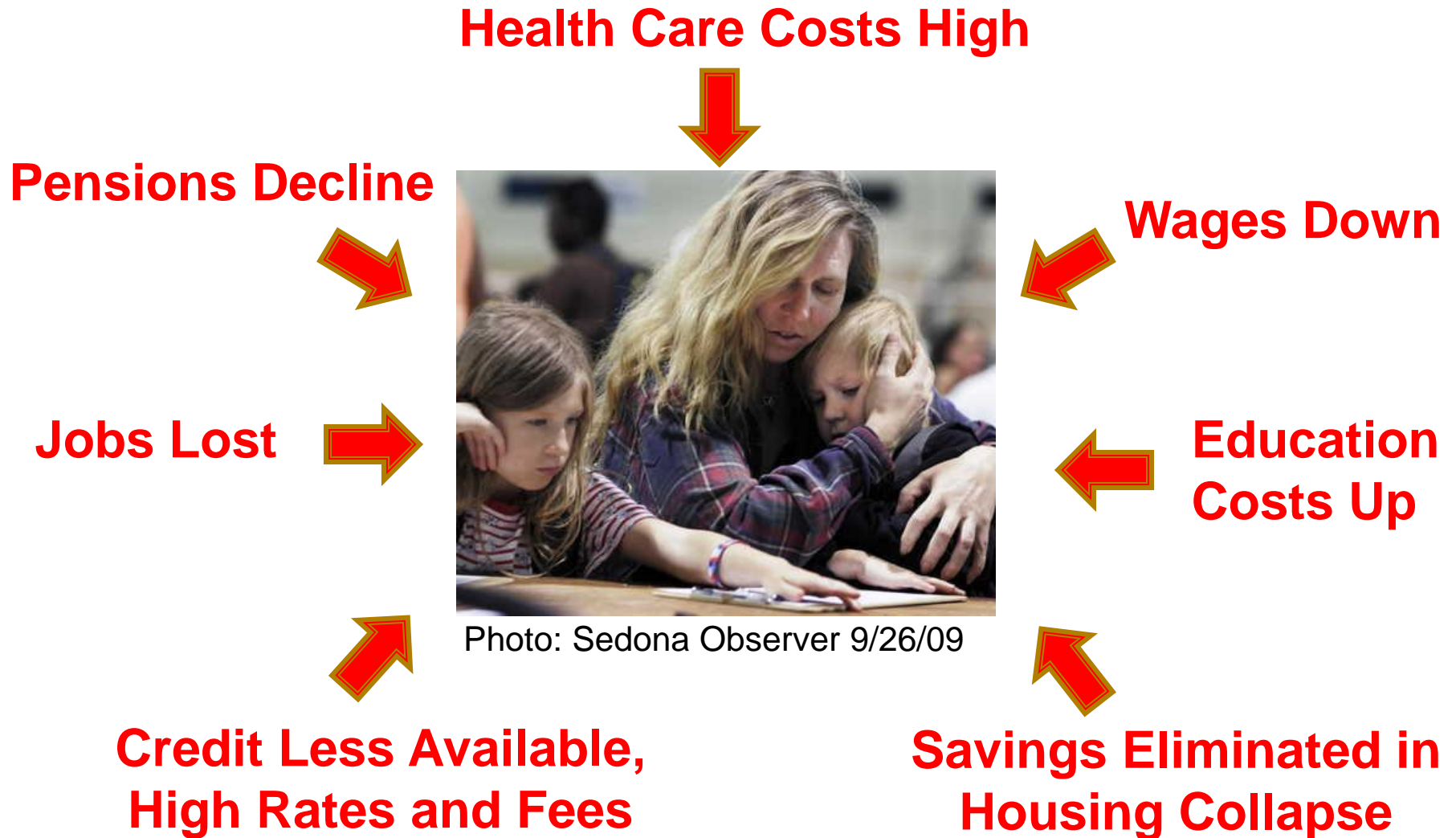
- 34% live with their parents for financial reasons
- 31% report being uninsured
- 31% say they can pay bills and put money aside
- 24% can't pay monthly bills

These results differ sharply from a similar survey in 1999.

July 2009, Peter Hart Research Associates and AFL-CIO



A "Perfect Storm" for Working Class



Meanwhile, across the “tracks”

Corporate profits reach record highs

The New York Times

November 23, 2010

Corporate Profits Were the Highest on Record Last Quarter

By CATHERINE RAMPELL

The nation's workers may be struggling, but American companies just had their best quarter ever.

American businesses earned profits at an annual rate of \$1.659 trillion in the third quarter, according to a Commerce Department report released Tuesday. **That is the highest figure recorded since the government began keeping track over 60 years ago...**

Investment bank economist: current economy is good for business

“As long as we don’t fall into another recession, it’s a good time to make money.”

“Firms can pick good employees and dictate compensation.”

“If you give me slow growth and high unemployment, I can give you high earnings.”

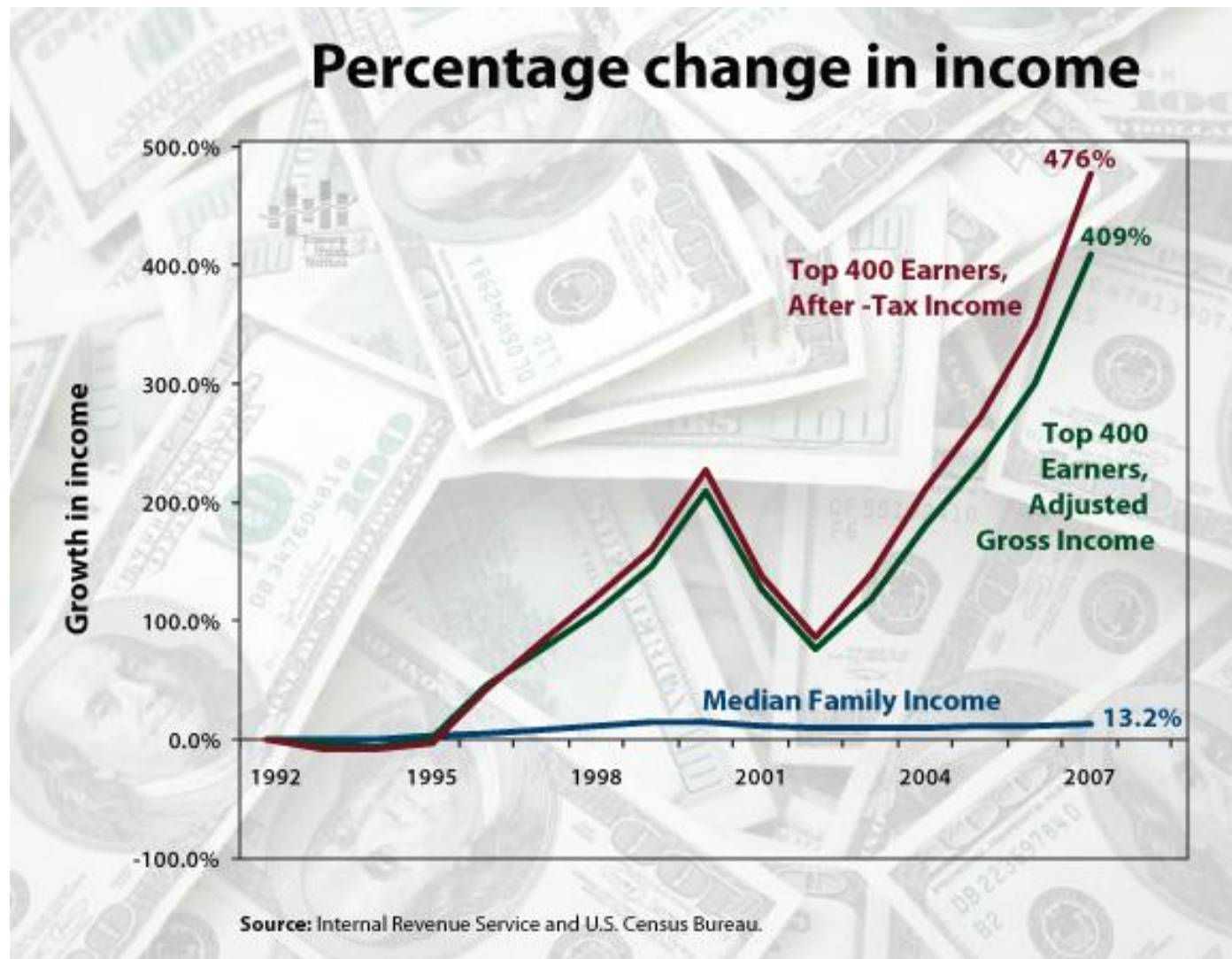
“The stock market is not the economy.”



Larry Hatheway
Chief Economist,
UBS Investment Bank

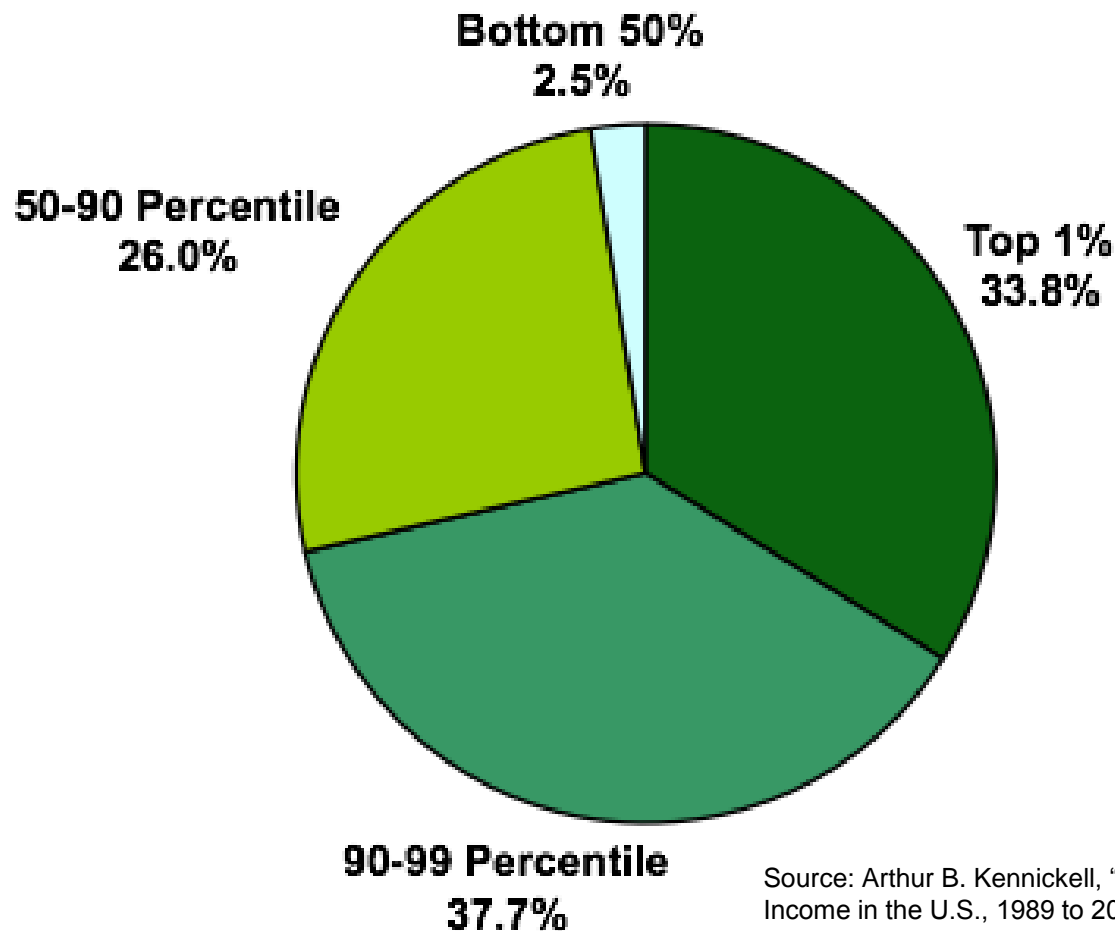
“How profits, stocks can rise as economy stumbles” Washington Post, July 25 2010

CEO salaries up 400% since '90s



Richest 10% own 70% of all wealth

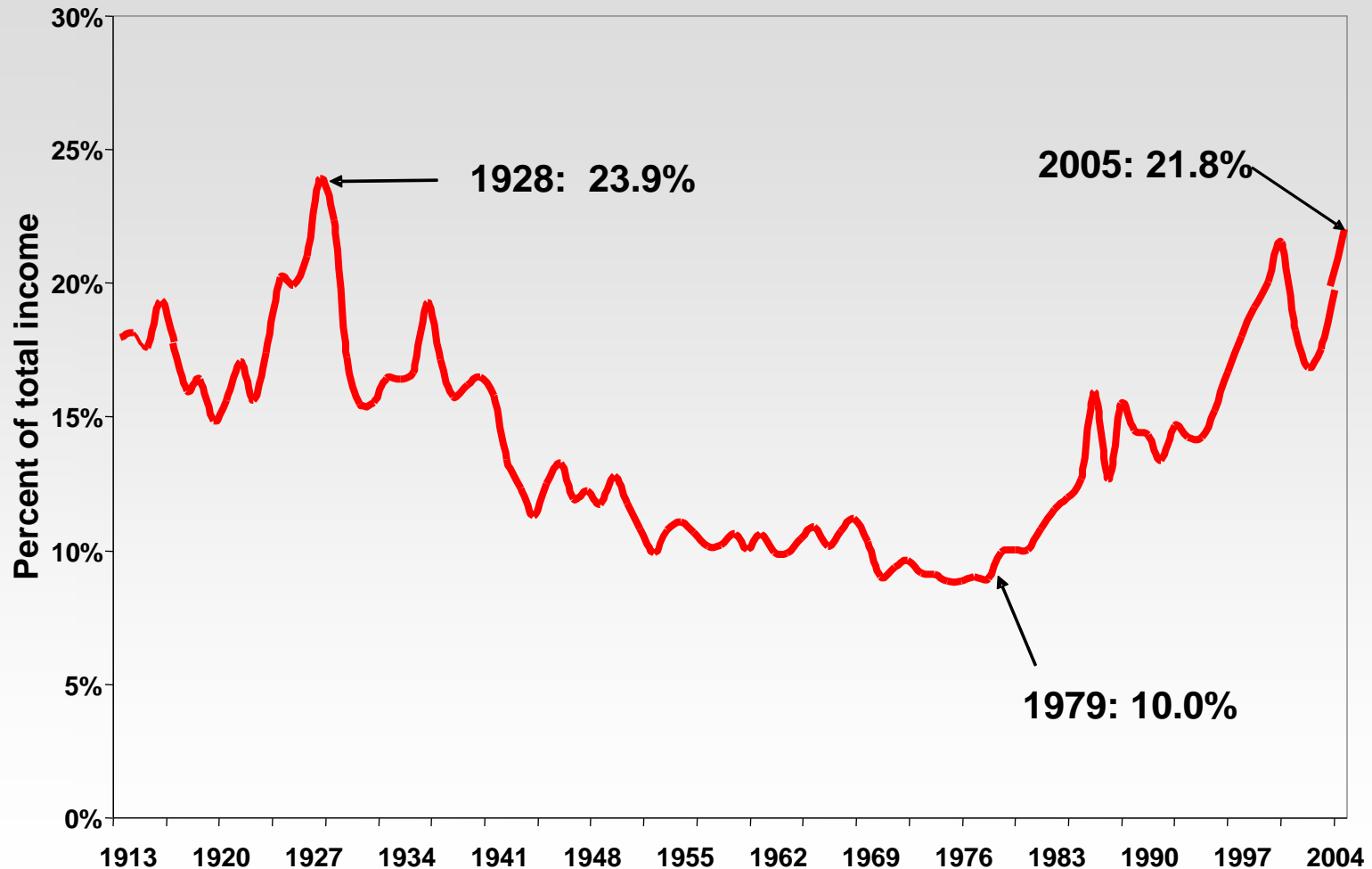
Distribution of U.S. Wealth, 2007



Source: Arthur B. Kennickell, "Ponds and Streams: Wealth and Income in the U.S., 1989 to 2007," Federal Reserve Board Working Paper, January 7, 2009, Figure A3a, p. 63.

Highest inequality since 1928

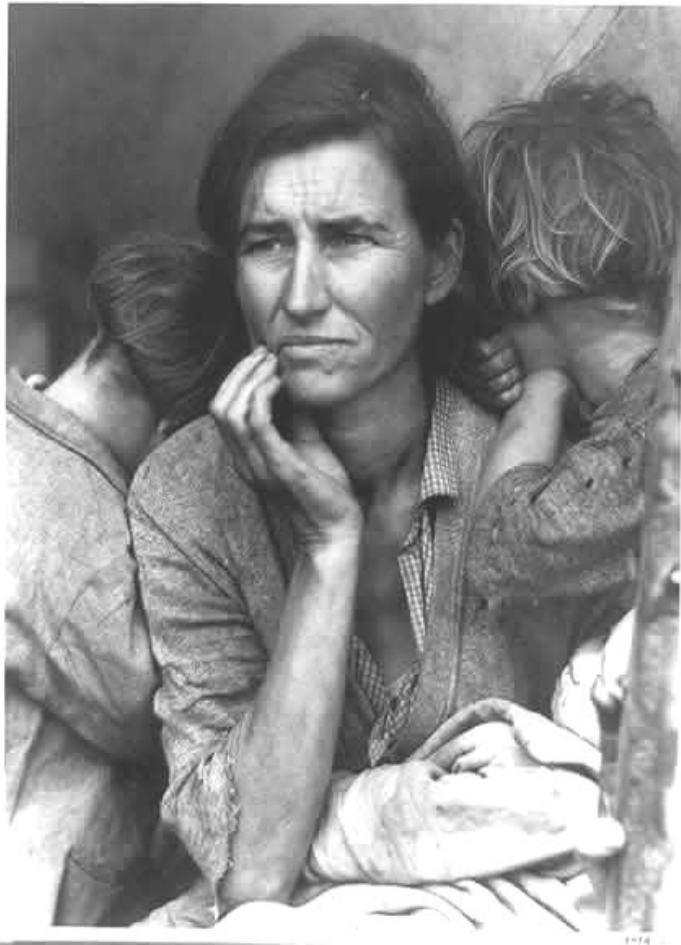
Income Shares of the Top 1 Percent, 1913-2005



Source: Pietty and Saez (2006)

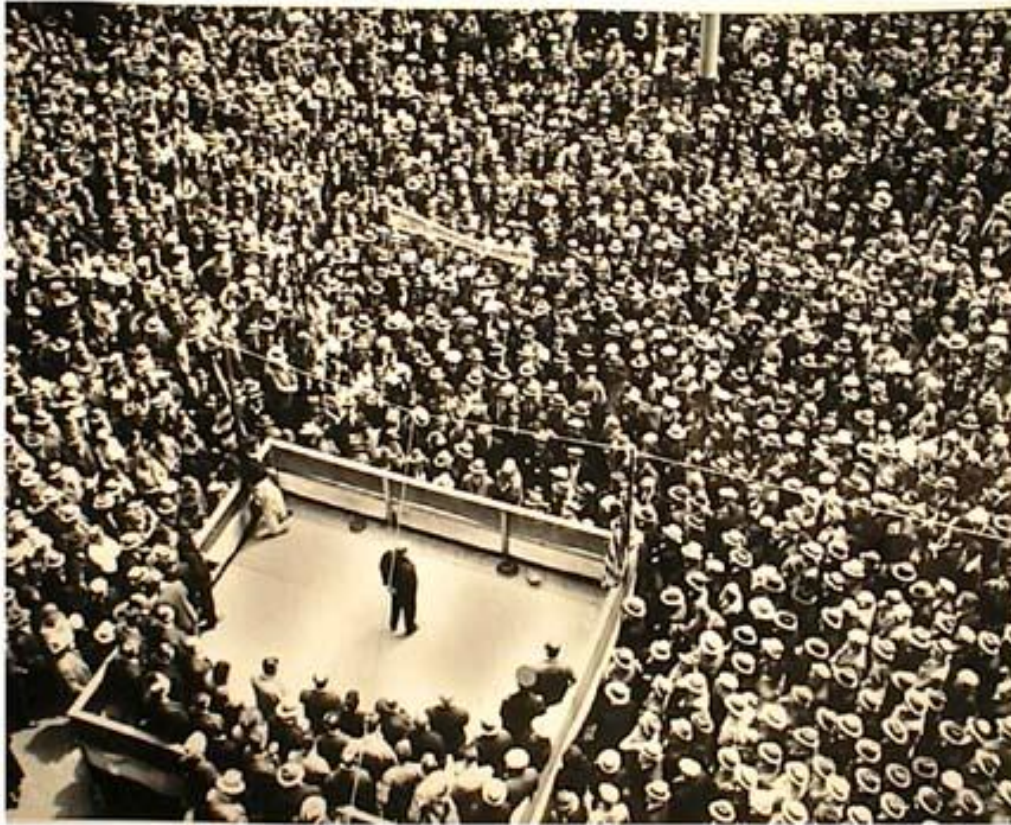
It hasn't always been this way.

While 1930's began the same...



- ❖ After decade of speculation, financial crash.
- ❖ Unemployment hits record-high levels.
- ❖ Union density at low level.
- ❖ Sharp debates over whether government should cut spending or invest.

As the depression continued, mass protests influenced national debates



Mayor John F. Dore addresses a mass meeting of the unemployed in Seattle 6/6/32
University of Washington Libraries

Unemployed councils protest for relief

Neighborhoods organize to fight evictions

Farmers protest auctions and low prices

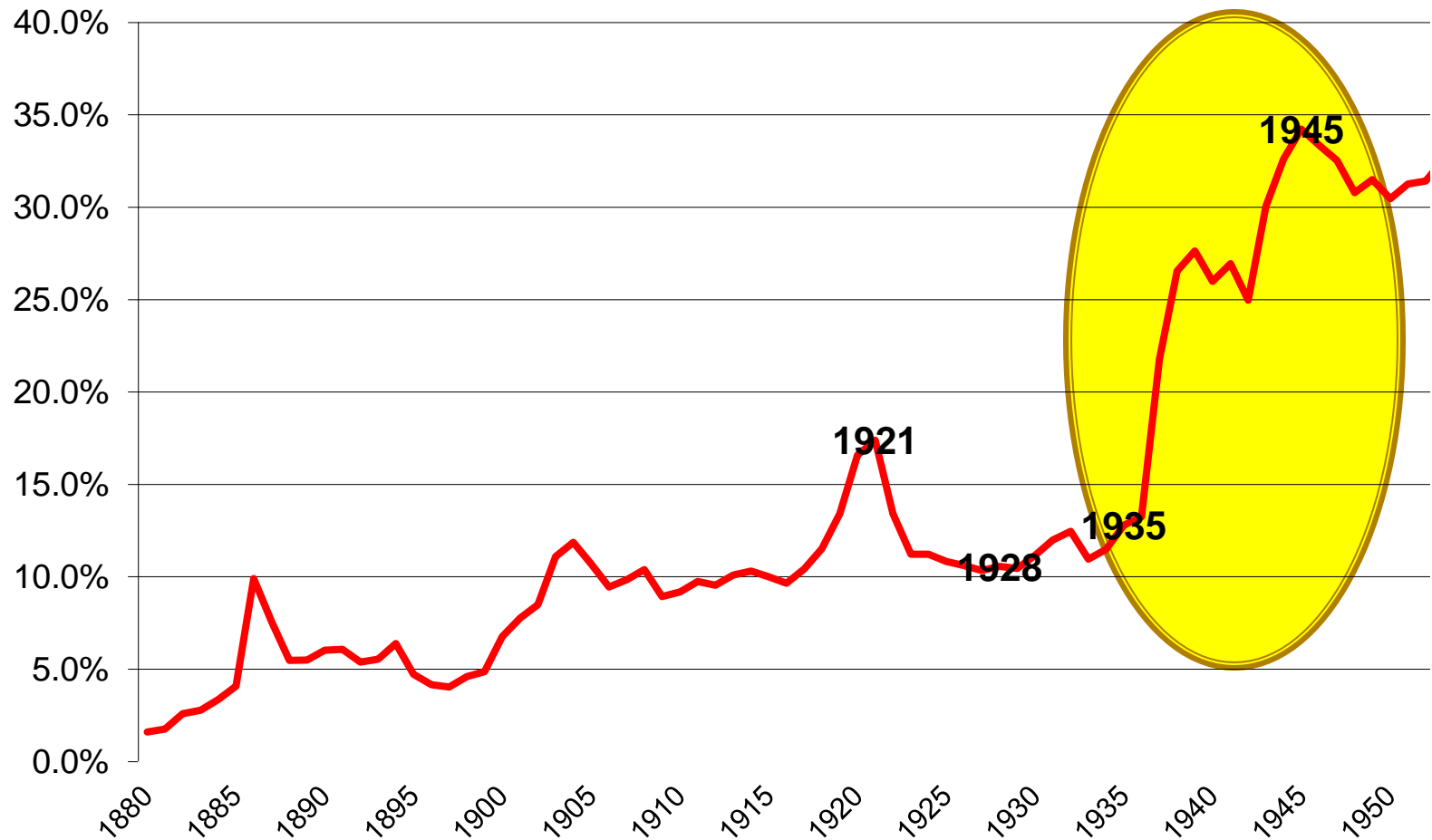
Workers strike by the millions across the U.S.

Congress, FDR chose a new course



- Works Progress Administration
- Civilian Conservation Corps
- **National Labor Relations Act**
- **Fair Labor Standards Act**
- **Social Security Act**
- **Glass-Steagall Act/FDIC**

1935-1945, union density tripled



1960s public workers won union rights amid civil rights movement



1968 Memphis Sanitation Strike

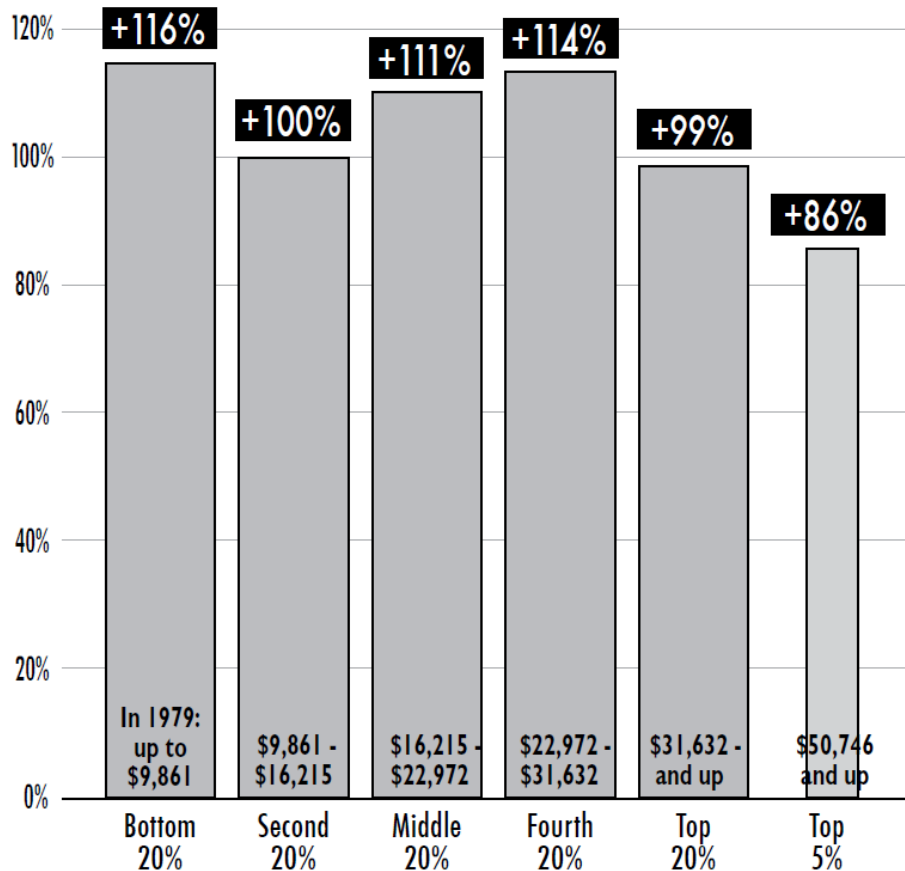


1970 Postal Strike

Wisconsin: 1st state to pass public sector bargaining, 1959.

1947-1979: We All Grew Together

Real Family Income Growth by Quintile and for Top 5%



Sources: Analysis of Census Bureau data from Mishel, Lawrence and Bernstein, Jared, *The State of Working America 1994-95*, p. 37.
Income ranges in 1979 dollars, from March 2000 Census Current Population Survey, Table F-1.

Source: United for a Fair Economy, *"Bankers, Brokers, Bubbles and Bailouts"* curriculum

Why not “happily ever after”?
How did things change?

1979-2006: the Corporate Agenda

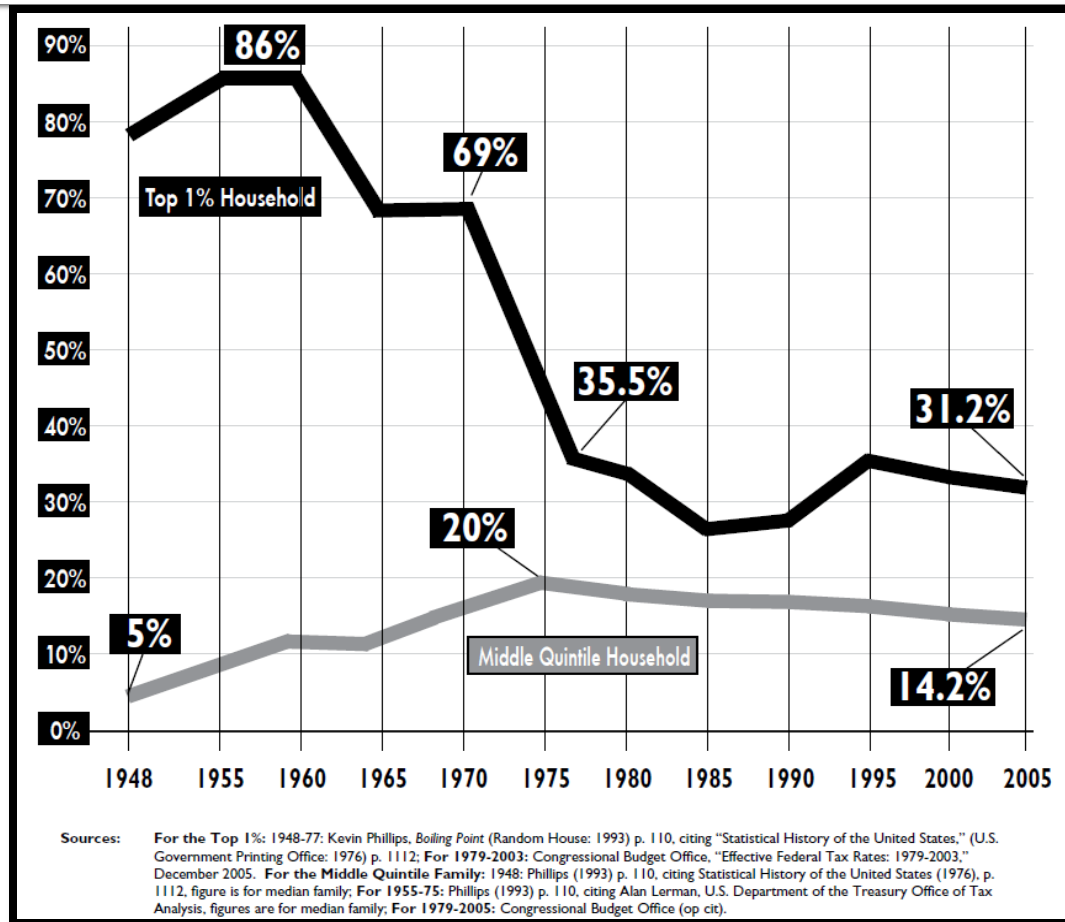


Some call it “Reaganomics” but it was much broader trend.

- Cut corporate taxes
- Deregulate business/finance
- Privatize and cut government
- Attack the unions
- Cut education, social programs
- Promote “free trade” deals

How were these policies justified?

Massive tax cuts for richest 1%

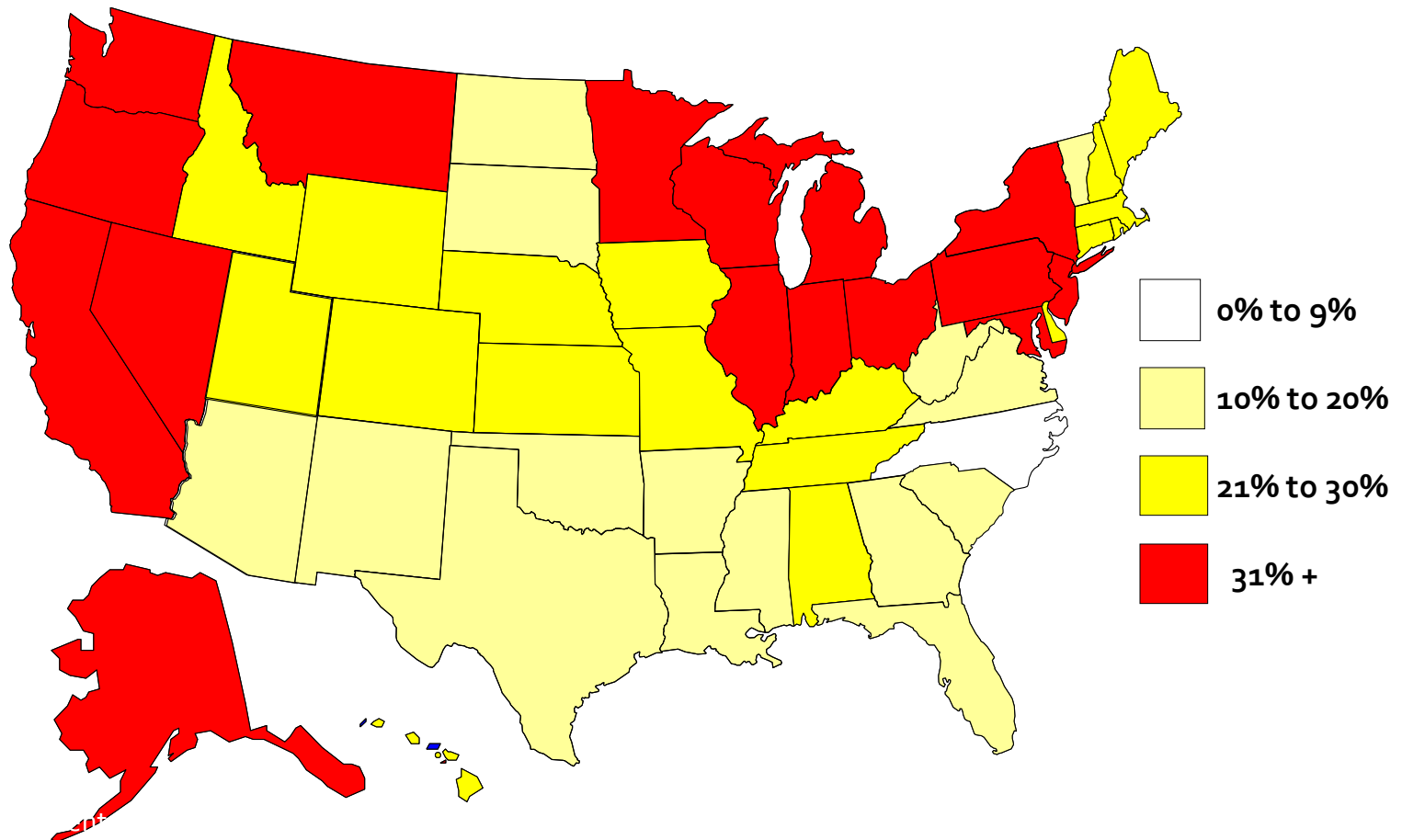


Effective Federal Tax Rates (Income+Payroll tax) for the Top 1% and the Middle Quintile of Households, 1948-2005

United for a Fair Economy: Bankers, Brokers, Bubbles and Bailouts

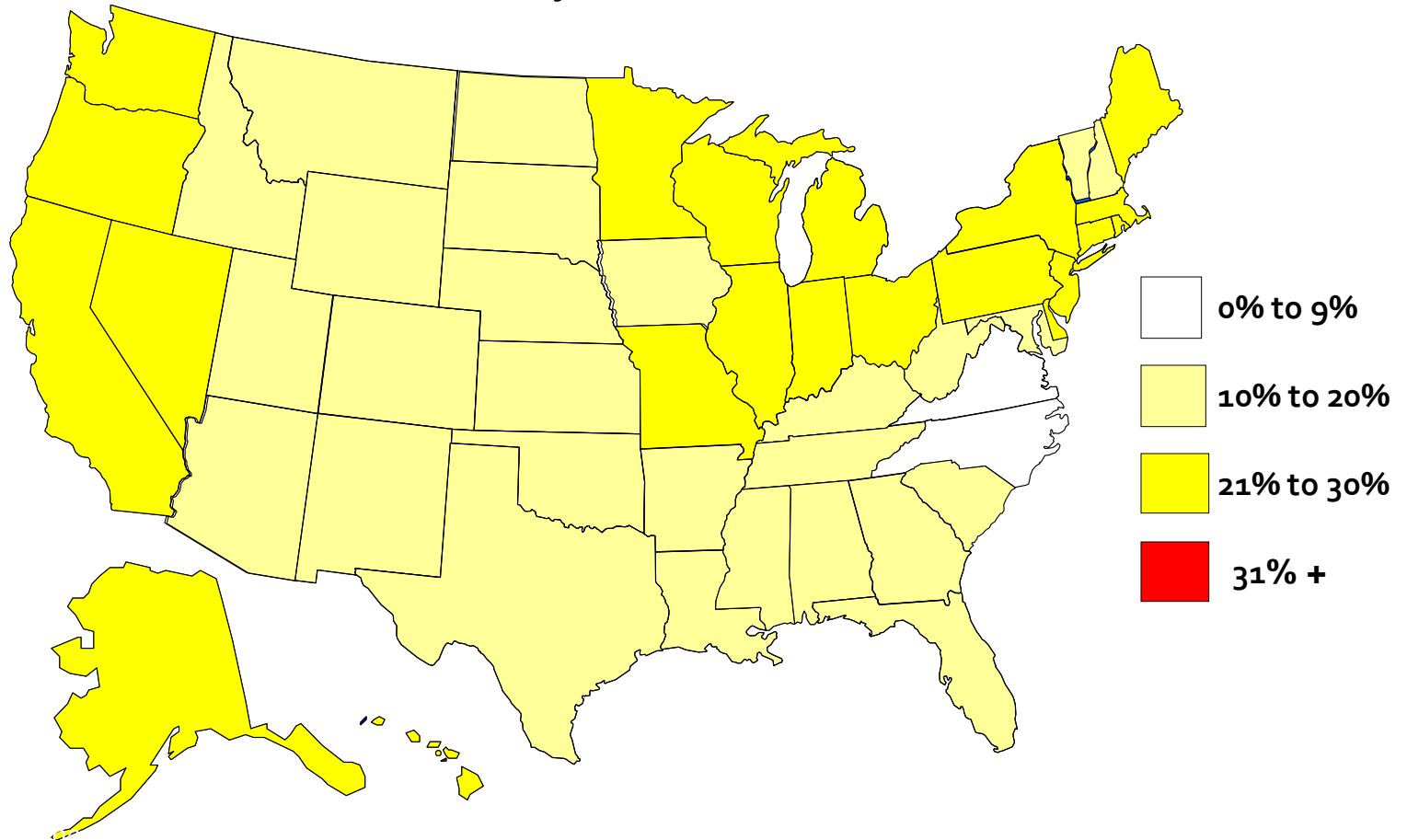
Union density takes huge hits

National Union Density, 1964 = 29% of workforce



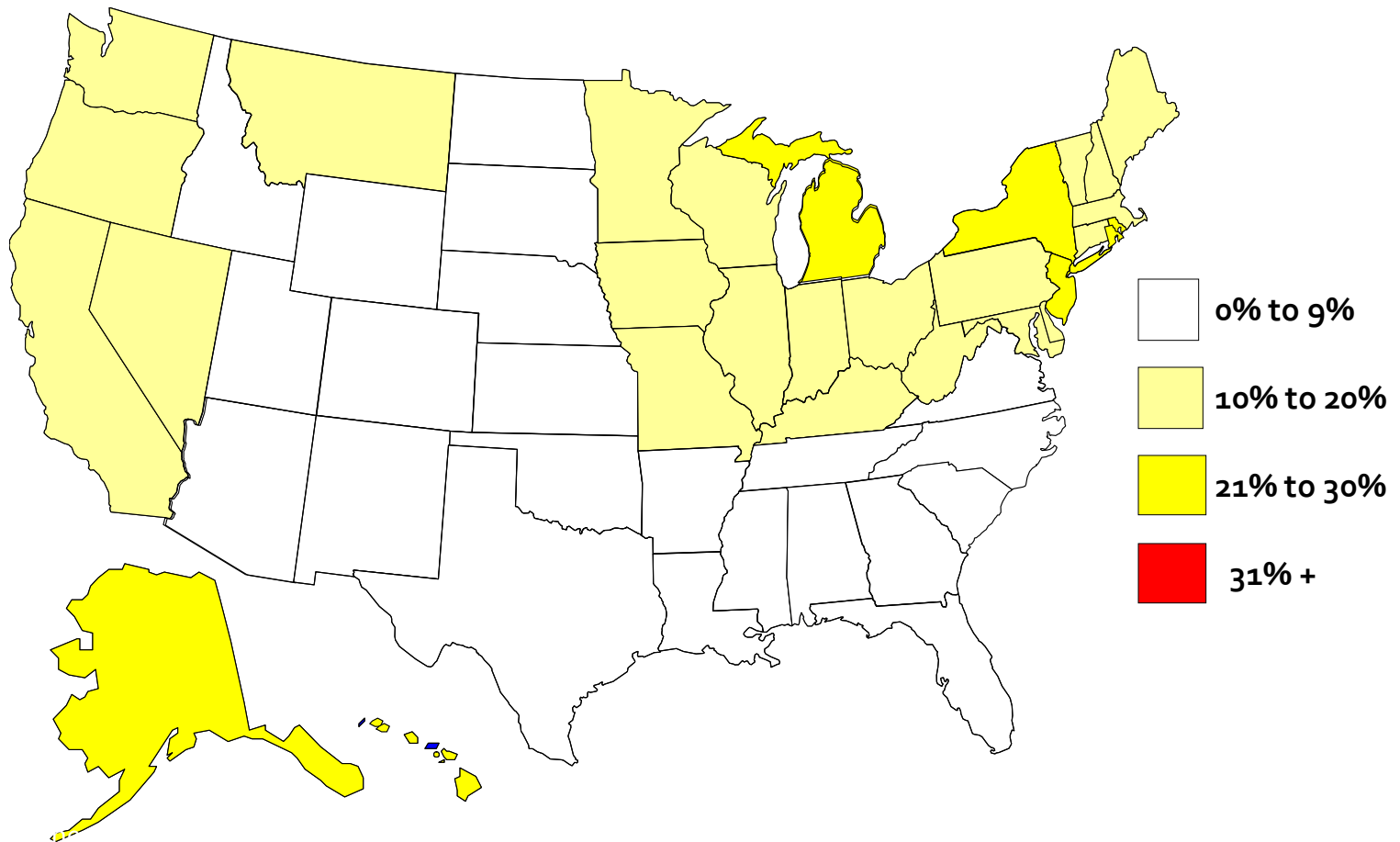
Union density takes huge hits

National Union Density, 1984 = 19% of workforce



Union density takes huge hits

National Union Density, 2004 = 13% of workforce

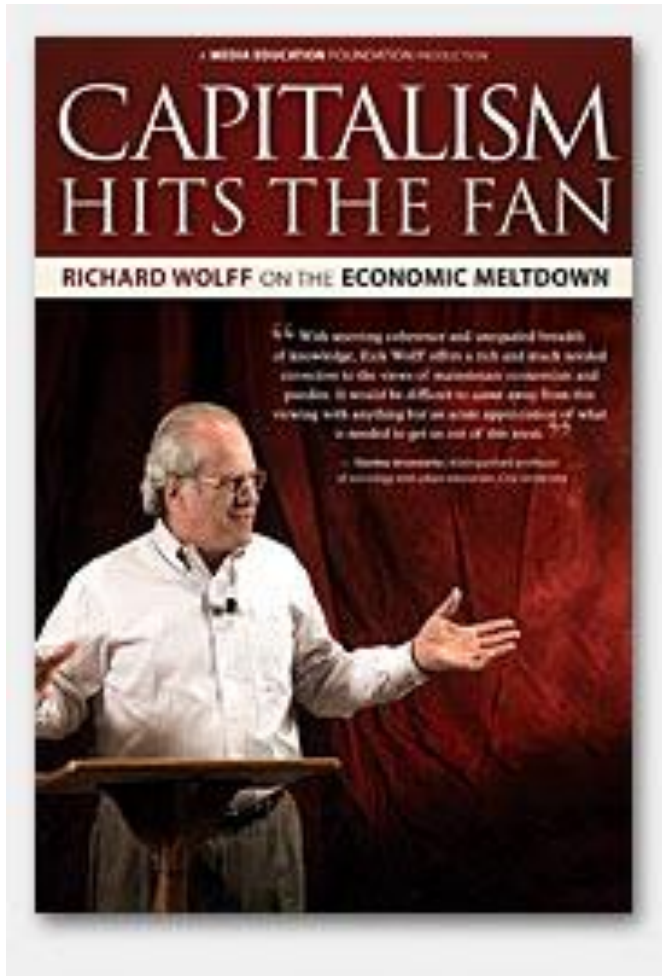


Regulations shredded or ignored



2003 news conference: James Gilleran (far left) head of Office of Thrift Supervision takes a chainsaw to a stack of federal financial regulations.

Impact on Working Families

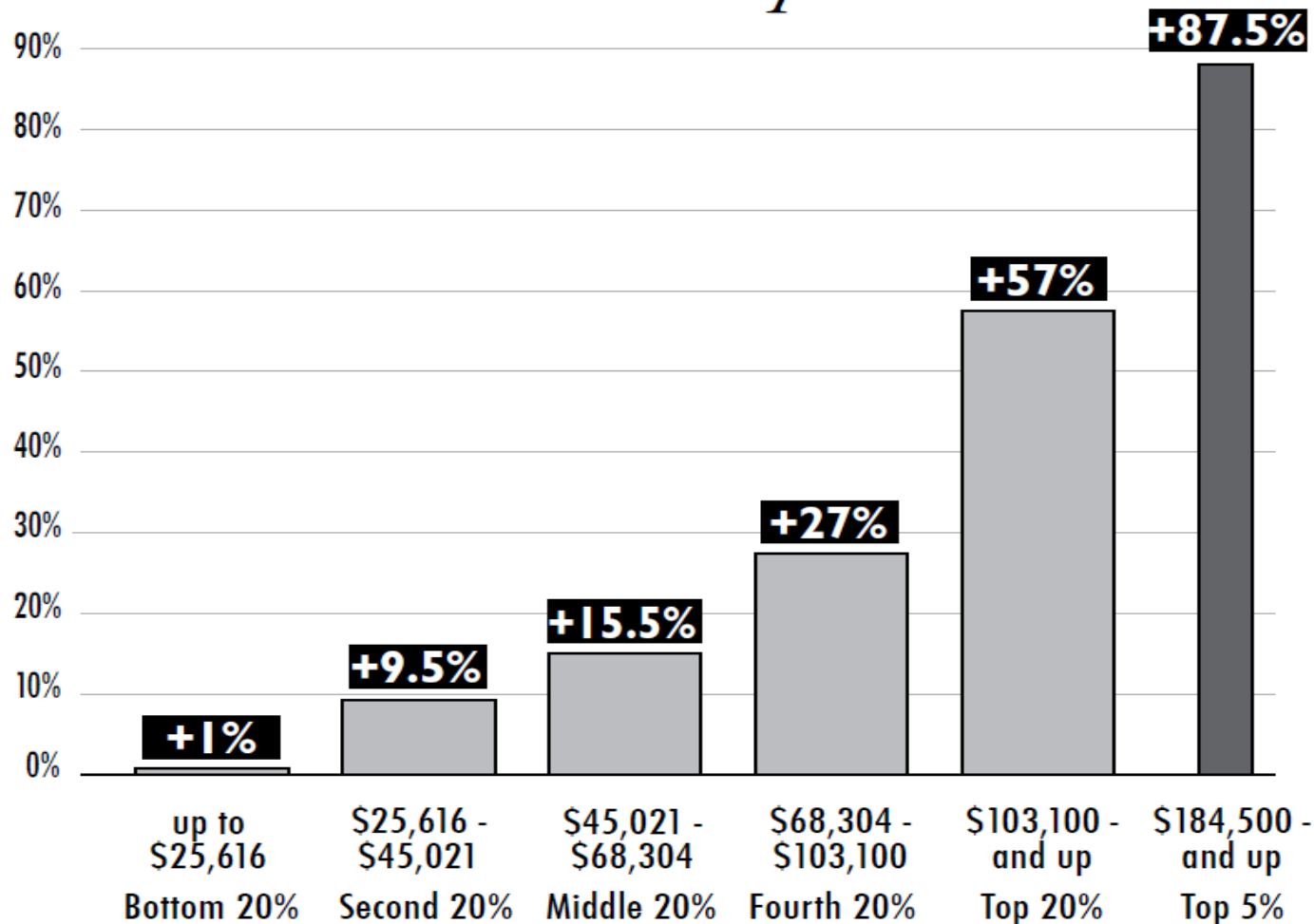


What role does Richard Wolff argue that growing inequality played in the financial crisis?

How have American workers let this happen?

<http://www.youtube.com/watch?v=M8ZH1ejtIFo>

1979-2006: We Grew Apart



Source: U.S. Census Bureau, Historical Income Tables - Families, Table F-3: Mean income, Table F-1: Income Limits. Percentage change based on average income for each income group in 2006 dollars.

Source: United for a Fair Economy, "Bankers, Brokers, Bubbles and Bailouts" curriculum

Recent bumper stickers have it
wrong – redistribution happened!



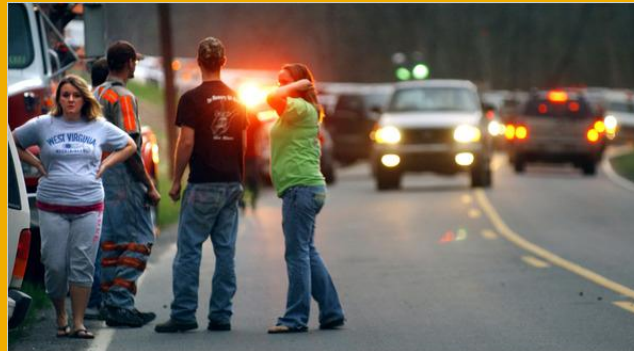
Don't Redistribute My Wealth...
Redistribute My work Ethic !!!

Legacy of Corporate Agenda?



The New York Times

Toll Mounts in West Virginia Coal Mine Explosion



By IAN URBINA

Published: April 5, 2010

At least 12 miners were killed and 10 were unaccounted for after an explosion ripped through a West Virginia coal mine on Monday, mining officials said.



The battle for our future

President Obama: Cautious Shift

- ❖ Stimulus package for states
- ❖ Financial reform
- ❖ Health care reform
- ❖ Workplace rights enforcement restored
- ❖ Union rights expanded



Corporate donors ramp up fight



AMERICANS FOR PROSPERITY®

In 2011– entire New Deal attacked

We're broke!

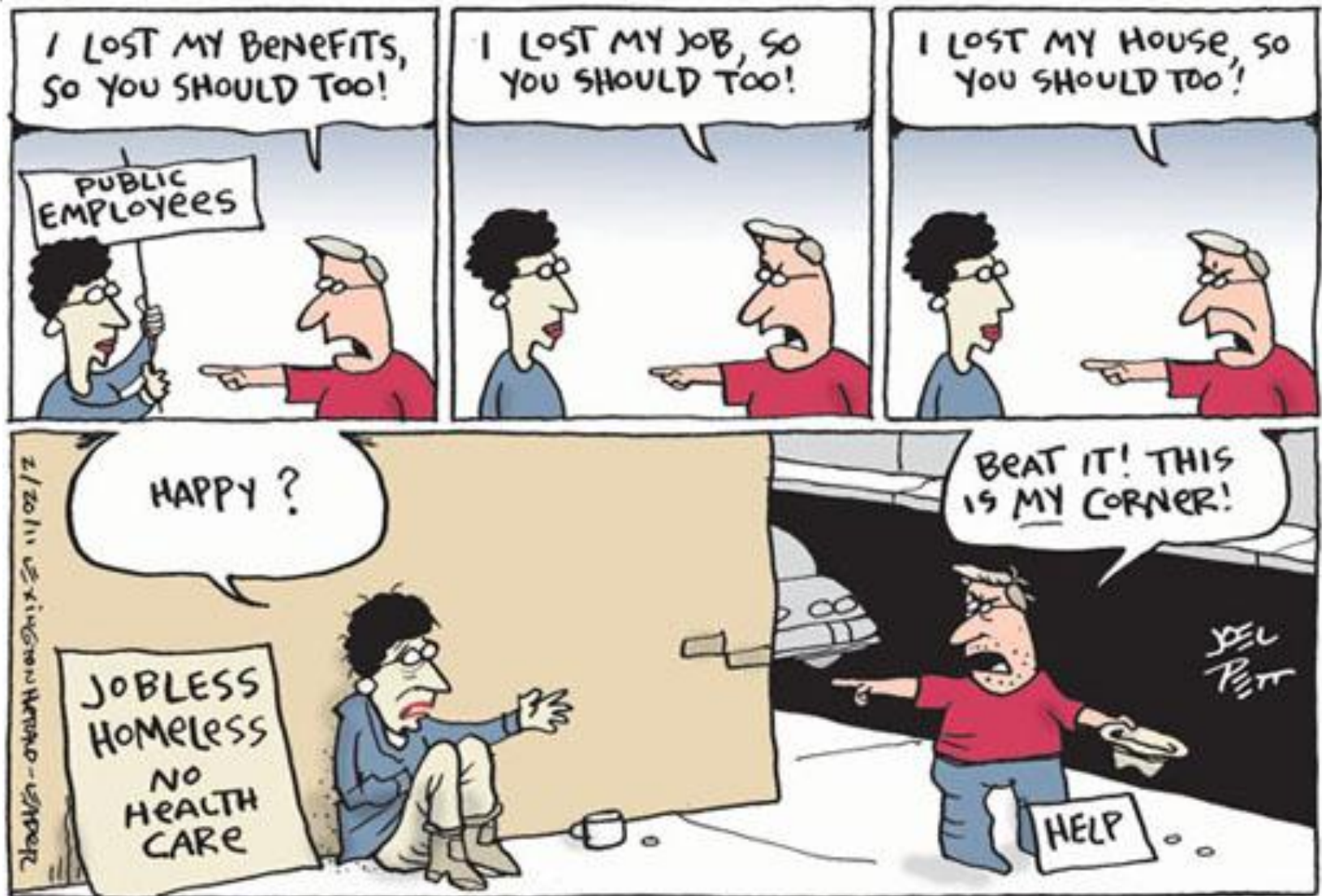
Their solution?

- Cut corporate taxes
- Attack unions
- Deregulate business
- Cut government
- Cut social programs



Why does this agenda look so familiar?

Public workers framed as “privileged class” living off taxpayers



It is true that America is “broke”?

No. Economists across the political spectrum say the U.S. is not “broke.”

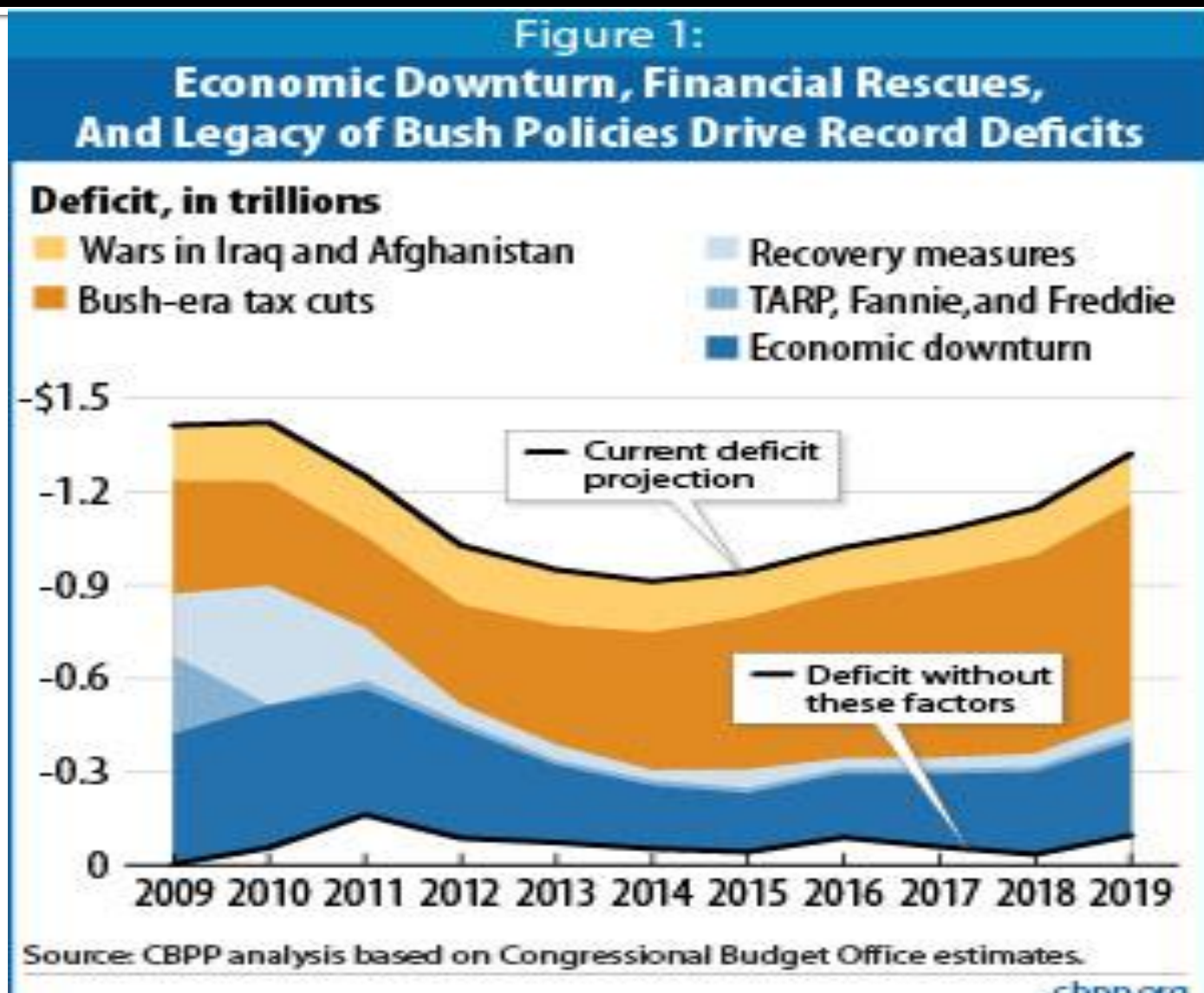
U.S. is paying its bills and borrowing at low interest rates.

Tax revenue is at a 60-year low, and corporations are experiencing record profits.

False



Federal deficit is real, but not from workers or social programs



Will Republican cuts help economy?

Goldman Sachs: House Spending Cuts Will Hurt Economic Growth

February 23, 2011 2:47 PM

ABC News' Jonathan Karl reports:

A confidential new report prepared by Goldman Sachs for its clients says spending cuts passed by the House of Representatives last week would be a drag on the economy, cutting economic growth by about two percent of GDP.

Report: House budget plan could kill 700K jobs



By JENNIFER EPSTEIN | POLITICO, 2/28/11
Republicans' efforts to cut billions of dollars from the federal budget between now and October could cost the country as many as 700,000 jobs by the end of next year, a nonpartisan economic analysis released Monday found.

Economists: we need unions and higher wages for economic recovery

"Wages are going down, profits are going up...and it's very hard to have a strong recovery for our economy."

- Joseph Stiglitz, Nobel Economist



"America, and its faltering economy, need unions to restore prosperity to the middle class."

- Robert Reich, Former Secretary of Labor



"if there's a single reason blue-collar workers did so much better in the fifties than they had in the twenties, it was the rise of unions."

-Paul Krugman, Nobel Economist



Wisconsin: Attacking Unions in the Name of Budgets

- ☐ **Eliminate all bargaining rights for some -**
Teaching Assistants, faculty, university hospital, corrections officers, home care workers, child care providers
- ☐ **Slash bargaining rights for others –** public employees not listed above could only bargain over wages. Raises limited to inflation/CPI, unless public referendum approves more.
- ☐ **Annual union elections to prove majority–**
each year, each public workers' union would have to hold an election in which 51% of all eligible workers must vote for the union
- ☐ **Stop dues check-off**
- ☐ **Force dramatic increases in workers' pension and health contributions**

Madison: it's up to our generation to defend our most basic rights



<http://www.rawstory.com/rawreplay/2011/02/student-captures-spirit-of-wisconsin-pro-union-rallies-in-music-video/>

Good Jobs First, US Uncut

Instead of cutting workers and public services...



<http://www.goodjobsfirst.org/subsidy-tracker>



<http://www.usuncut.org/>

Make corporations pay their taxes!

What is our agenda for the future?

What does labor want?

We want more schoolhouses and less jails; more books and less arsenals; more learning and less vice; more leisure and less greed; more justice and less revenge; in fact more of the opportunities to cultivate our better natures...



Samuel Gompers, President American Federation of Labor from 1886-1894, 1895-1924