A WORKING CLASS DIVIDED AGAINST ITSELF CANNOT STAND

By Rana Odeh

How about we imagine for a moment what some of the characteristics of the American economy would be had we not had a strong labor movement in the beginning of the 20th century. We would probably still have a child labor economy, low safety standards, no minimum wage, longer work days, unpaid overtime, no workers' compensation benefits, no unemployment, health, and pension benefits and unpaid sick leave, maternity leave, vacations and holidays. The issue is very straightforward. Employers are constantly trying to get more out of their employees in order to improve their bottomline, and workers are constantly trying to protect their rights to fair compensation for their hard work.

Labor unions have established the most important prerequisites for a strong social justice movement that promoted upward mobility for the working class in the 1950s and 1960s. The struggle for social justice, however, was not an easy one. The recent attacks on public service unions are yet another attempt to weaken the labor movement in the U.S.

The rise of Neoliberalism in the 1980s made it a priority to break unions and promote business-friendly labor laws. Unionization rates went from about 27% in the early 1970s to roughly 12% when the "Great Recession" began in 2007. In Ohio, the unionization rate dropped from 17.4% in 2000 to only 14.1% in 2007. Unfortunately, the leadership in the State of Ohio is convinced that a deterioration of labor rights is the right way to go. Governor John Kasich, for instance, favors a ban on teachers' strikes and opposes the unionization of child care and home care workers. Governor Kasich and other union-bashers believe that impeding on labor rights is a good way to balance the budget. This race to the bottom philosophy is very short-sighted because it ignores the fact that when workers have good paying jobs with benefits, they build a stronger economy when they spend, buy homes, and pay sales tax, property tax and income tax.

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The national decline in union membership has primarily taken place in the private sector. The public service unionization rate, however, has been slowly on the rise, and in 2009 it has surpassed the private sector unionization rate for the first time in U.S. history. This is why the current attack is concentrated on public service unions. The excuse being that due to the economic crisis, state revenues have declined significantly and that some major cuts in public sector expenses must be implemented.

This neoliberal attack has been quite sophisticated to the point that even some private sector unions have been manipulated to join their state representatives to call on public service unions to accept wage and benefits cuts in order to "save" private sector jobs.

The attack on service sector unions is flawed for three reasons. First, reckless Wall Street speculators caused the market crash, which has put a huge dent in pension funds. States are now required to either foot the bill to honor their financial commitments to their employees, or force public service unions to accept cuts in wages and benefits so that states can balance their budgets. A more reasonable solution, I would argue, is to make speculators pay for the pension funds' losses, but also to restructure pension fund investments away from equities and back into safer investments in treasury bonds.

Second, state revenues declined because of higher unemployment rates and home foreclosures, both of which mean lower tax revenues from property tax, income tax and sales tax. It is Wall Street speculators who caused this problem, not labor unions.

Third, public service workers have better wage and benefits packages than their private sector counterparts because of the severe deterioration in pay standards in the private sector since the 1980s. De-industrialization, outsourcing, and the global labor race to the bottom are major factors that hurt private sector workers, but have left public service workers essentially unscathed. Instead of blaming public service unions for a job well done, we should be asking ourselves why it is that private sector wages, adjusted to inflation, have stagnated since the late 1970s when workers' productivity has increased by more than 70% and corporate profits have soared by an average of 5% annually.

Public service unions have become scapegoats for a much larger set of problems that federal and state governments have failed to address. The root cause of the problem is an overall deterioration in labor rights, which has produced so much income inequality since the 1980s. What we need is a serious reform of the tax, health care and pension systems. All workers should be united to fight against the erosion of the middle class, and stand up for better working conditions for all.

Rana Odeh is a graduate of the University of Dayton with a degree in English and Philosophy. Her research and writings focus on issues of race, class and gender. She can be reached at contactus@daytoncitypaper.com.

PAYING PEOPLE TO NOT WORK IS STUPID

By Mark Luedtke

Coercion is always destructive. Pensions are a perfect example. Nobody would voluntarily pay another to not work. Obviously, it makes no sense for an employer. It makes products more expensive and reduces sales and profits. Higher prices make the entire country poorer too. Less obviously, it makes no sense for an employee because the employer is responsible first to shareholders, not retirees. Workers should count on their own savings for retirement and negotiate wages with that goal in mind, not surrender control to an organization with different priorities. But because government granted unions the power of coercion, union bosses negotiated unsustainable promises of something for nothing to union members and the human weakness to take something for nothing is almost impossible to overcome.

> "Sure, many people managed to retire, grow old and die before the collapse, but that doesn't mean the system worked."

Some say the pension system worked well for decades. Those people are wrong. The pension system was doomed to collapse the moment it was created. Pensions loot working people and transfer the wealth to non-working people. They're parasitic. Like Social Security and Medicare. Sure, many people managed to retire, grow old and die before the collapse, but that doesn't mean the system worked. That's like saying because some cars crossed a bridge before it collapsed and killed others, the bridge wasn't faulty.

The big winners in the pension system are the politicians and the union bosses. The politicians win by buying union votes with stockholder and consumer money. The union bosses get fat and happy by looting union workers through compulsory dues. The workers who retired and died before the collapse also won. But everybody else loses: workers, consumers and especially retired workers who are dependent on pensions that are about to disappear. They will lose worst of all.

We've already seen how pensions destroyed GM and Chrysler. Ford has been seriously wounded. Many other companies have collapsed under the weight of pensions over the decades. But in the private sector, the damage from pensions is localized. A company and its suppliers may collapse, but during the bankruptcy process the valuable assets of those companies are gobbled up by more efficient businesses. Often, the bankrupt companies are in union states and the buying companies from right to work states. This enables the buyers to jettison the unions and their pensions. Without those unsustainable burdens, they produce higher quality products at lower prices, winning market share and making the entire country wealthier. This is the mechanism that has nearly wiped out private sector unions in the U.S., and it's why jobs are flowing from union states to the south and west.

But union bosses saw this writing on the wall decades ago, and since they weren't about to give up looting their workers, they infiltrated government. Since union bosses and politicians had been in bed together for decades, it was easy, and once in place, they began looting taxpayers too. Salaries and pensions exploded.

Champion of unions and the most socialist president in history before President Obama, Franklin D. Roosevelt opposed public sector unions, but for the wrong reasons. Roosevelt wrote, "[a] strike of public employees manifests nothing less than an intent on their part to obstruct the operations of government until their demands are satisfied. Such action looking toward the paralysis of government by those who have sworn to support it is unthinkable and intolerable." Government worship was more important than unions to Roosevelt. What hypocrisy. As if the operation of businesses, which produce the food, water, shelter and all other wealth that makes up civilization, is less important than the operation of government, which destroys wealth and is the enemy of civilization.

The public sector pension problem infects the entire country. "The New York Times" estimates that public sector pensions are underfunded by between $1 and $3 trillion. Because "The New York Times" is the primary ruling class propaganda organ, these estimates are way too low. Over the last decade, cities and states have increased their debt by 800 percent to pay for these exploding pensions.

According to "The Guardian," "Meredith Whitney, the U.S. research analyst who correctly predicted the global credit crunch, described local and state debt as the biggest problem facing the U.S. economy." We should listen to economists who predicted the last crisis, not the ones who didn't. Whitney predicts 100 cities and states will default. This pension crisis is bigger than the housing crisis, and the worst of that crisis is still to come.

Many people expect a bailout. By whom? The U.S. has no money. Federal, state and local governments are broke. After a century of ever-increasing government looting, America's middle class is poor. Excepting the plutocrats, America's rich are poor. Most just don't know it yet. We're in the middle of the housing crisis, and the beginning of the commercial real estate crisis, the pension crisis and a sovereign debt crisis. Fed Chairman Bernanke is hell bent on destroying the dollar – the most insidious form of looting – in response. If we don't stop the looting, our crash will make the collapse of the Soviet Union look like the corner store closed.

Mark Luedtke is an electrical engineer with a degree from the University of Cincinnati and currently works for a Dayton attorney. He can be reached at contactus@daytoncitypaper.com