

**TALKING POINTS FOR
POWER POINT PRESENTATION**
(6-sided box)

“An Economy That Works For All”

AFL-CIO

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[Slide #1] “An Economy That Works For All”

Introductory Comments

- Over the course of the past year the AFL-CIO and others have been engaging union members and the public in conversations about our economy, what’s gone wrong and what can be done to change the direction of our country.
- We all know the problems – the housing bubble collapses.... the sub-prime mortgage industry crashes..... our trade deficit soars past \$1 trillion.... state and local budgets are being squeezed.... jobs disappear.... oil pumps up over \$100 a barrel.... the cost of the war in Iraq tops \$10 billion a month.... the stock market slides downward.
- A year ago, we were in an economic slowdown. Today, we’re in a deep downturn that is the predictable result of an imbalanced economy and 30 years of corporate-driven policies that are hurting working families — free trade, deregulation, privatization and de-unionization chief among them.
- A year ago, we were having a hard time getting people to focus on the problems of an economy that just isn’t working for working families. We weren’t hearing much about this from candidates for political office, elected officials or the media. What a difference a few months make.

[Slide #2] “It’s the Economy ...”

- Now, the economy is the news. Each time we pick up the newspaper, turn on the radio or watch television, the headlines remind us of the difficult situation our country is facing. But this isn’t just a news story. Working families are struggling every day just to make ends meet and this reality needs immediate attention.
- We are calling on the Administration and Congress to quickly take actions that will address our deteriorating economic conditions. And although Congress has acted to create some economic stimulus, it is too little and too late. Working families need additional measures such as:
 - 1) A moratorium on foreclosures to help families keep their homes.

- 2) A second stimulus package to extend unemployment insurance, expand the food stamp program, provide additional federal aid to states and cities to prevent further cutbacks of vital public services, public investment to maintain our schools and repair crumbling bridges and deteriorating highways, and spending that puts people to work on projects we desperately need.
 - 3) And, we need a national recovery program that will address the fundamental imbalances that are the root cause of the current economic slowdown.
- We believe it's time to turn around America.

[Slide #3] “A Record Number Think the Country is on the Wrong Track”

- How do we know that we need to Turn Around America?

OPTIONAL QUESTION: How many of you think that our country is headed in the right direction?

(2 Clicks) Recent polls show that most people (about 81 percent) believe that our country is headed in the wrong direction. From a working person's point of view, the economy is simply not working for working people.

Purpose of the Presentation

- The purpose of this presentation is to:
 - 1) Provide a framework to discuss the economic policies that have dominated our economy over the last three decades,
 - 2) Show that these policies are not accidental (and therefore can be changed), and
 - 3) Propose an alternative, a working families agenda that will help turn around America.

[Slide #4] “This Is a Story of POWER!”

Overall Story (Framework for the Analysis)

- This is a story of POWER, and what has happened to the bargaining power of workers and their unions.
 - **Working families and our unions helped build a powerful American middle class.** Following the Great Depression of the 1920s, government intervention provided a “New Deal” that refueled the economy. By 1945 the political and economic environment was dramatically different than it was in the 20s and 30s. Unionization also proved to be a very effective anti-poverty program, lifting

millions of workers and their families out of abject poverty. Winning a better standard of living was not about who was the best negotiator; rather it came from the collective power of numbers and deliberate action.

- Corporations have taken power away from workers—we're losing bargaining power in the workplace and the nation. Unfortunately, the so-called 'golden age' did not last. Employers, advocating a Corporate Agenda, took power away from workers. This increased power has allowed them to outsource work, deny wage increases and walk away from their obligations to provide health care and retirement security to their employees

It doesn't have to be this way!

- Working families and unions can rebuild workers' power and restore the American Dream. Today, we have an opportunity to change the direction of our economy and to create an alternative, a Working Families Agenda, to rebalance power of workers and employers.

- To do this, we must organize millions of new members into unions and bargain aggressively to defend and improve our living standards. We must also elect worker-friendly politicians to restore the freedom to form unions. And we must directly challenge the economic policies that inhibit union growth and weaken our bargaining power.
- Let's begin by looking a little more carefully at what happened to our economy.

[Slide #5] "Growing Together, Growing Apart"

Working families and unions helped build a powerful middle class (1947-1973)

- Our economy did not always work the way it does now. When the middle class was built in the years after the Second World War, the economy generally worked for all of us. During this period, real family incomes doubled—the most rapid improvement in living standards in history. Incomes for the poorest families increased even faster than those of the richest families, so incomes became more equally distributed. This was a period of great social movements and struggles for justice – women's rights, civil rights, and disability rights to name a few. Unions also grew during this period and the power of workers helped create a more just society. Unfortunately, it didn't last.

But corporations have taken the power away.

- **(Click)** By the 1970s things had changed dramatically. The 1973 recession resulted in the biggest economic downturn since the Great Depression. This recession was important in many respects, not the least of which was the wave of plant closings that began to appear following the recession. Corporate America faced a profits crisis and declining profits led to corporate America calling off its

truce with labor. A new corporate agenda emerged. Some people called it “Reaganomics,” but it preceded Ronald Reagan and continued well past his administration. This new, low road approach has been a concerted effort to shift wealth in monumental proportions to the rich. Known internationally as economic neo-liberalism, it tries to privatize everything. Its goal is to eliminate every obstacle, and potential obstacle, to increasing profits—at any cost!

(Click) Look at how the pattern of income growth has changed since 1973. First, the growth of family incomes has been much slower than in the earlier period, and second, the incomes of the richest 20 percent of families have risen much faster than those of the other 80 percent.

(Click) Between 1973 and 2006 the incomes of the top 0.1 percent (one tenth of one percent) – about 134,000 families with average earnings of \$6.5 million a year (including capital gains) – saw their incomes rise by 468 percent.

(Click) And the top 0.01 percent (one hundredth of one percent) – about 15,000 families with average incomes of \$30.5 million a year (including capital gains) – saw an increase of 684 percent.

- Over half of all economic growth since 1973 has gone to the richest 10 percent of America’s families, most of it to the top one percent. Income inequality has been growing for several reasons, among them, long periods of high unemployment, globalization, the loss of manufacturing jobs and the expansion of low-wage service jobs, record corporate profits, deregulation, the weakening of the social safety net, and fewer and weaker unions.
- Whereas we used to grow together as a nation, today we are growing apart – economically, socially and politically.

[Slide #6] “We Make It – They Take It: Productivity vs. Wage Growth”

- Key to understanding the stagnation of family incomes and wages is the rupture of the crucial relationship between productivity and wage growth.

(Click) Looking again at the period from 1947 to 1973, productivity doubled and so did the real value of average wages.

(Click) However, since 1973, although productivity has continued to grow, wages have stagnated. As a result, average wages today are only 15 percent higher than average wages in 1980, despite a 67 percent increase in productivity.

- The productivity-wage relationship was the foundation of a social contract negotiated between labor and employers after World War II – on the basis of a rough balance of power – that assured that workers would share in the benefits of

economic growth. Today, the imbalance of power has broken that relationship and the social contract with America's workers is being shredded.

- The question is: If the benefit of increasing productivity did not go to working families, where did it go?

[Slide #7] "The Wealthiest Families Prosper as Never Before"

- The answer: To America's wealthiest families.
- Since 1979, only the top ten percent of families have seen their incomes rise at, or above, the rate of productivity. Over half of all of the increased income went to the same ten percent, most of it to the top one percent.
- As a result, the wealthiest families have seen their share of total income double since 1979, from 10 percent to more than 20 percent. Today, the wealthiest families claim a larger share of our nation's income than at any time since 1928!
- Some of America's wealthiest families include CEOs and other corporate insiders who have appropriated much of the increase in productivity and that also shows up in increasing profits and returns to shareholders. The chief executive officers of large U.S. companies averaged \$10.8 million in total compensation in 2006, Whereas the ratio of CEO pay to the pay of average workers was 42:1 in 1980, by 2006 it was 364:1 according to the latest survey by United for a Fair Economy. In other words, the average CEO earns more on the first day of the year than the average U.S. worker earns all year.
- A vivid example of outrageous corporate pay can be seen in the earnings of some hedge fund managers. In 2006, the top 25 hedge fund managers earned \$14 billion dollars, enough to pay New York City's 80,000 public school teachers for nearly three years!
- And in the midst of the sub-prime mortgage crisis when most families are struggling to keep food on the table, three hedge fund managers bet that the sub-prime mortgage securities would falter and earned about **\$3 BILLION** each in 2007, according to *Alpha magazine's* annual list of top hedge fund earners. John Paulson – \$3.7 billion; George Soros – \$2.9 billion; and James Simons - \$2.8 billion.
- Excessive CEO pay takes dollars out of the pockets of shareholders—including the retirement savings of America's working families. Moreover, a poorly designed executive compensation package can reward decisions that are not in the long-term interests of a company, its shareholders or employees.
- How did our society become so unequal?

[Slide #8] “Change in Union Membership and Density”

- One contributing factor has been the loss of union power. The bars on this graph represent the change in union membership each year since 1946. The line represents union density (percentage of union members).
- Union density peaked at 35 percent in 1955 and has declined steadily ever since. Note, however, the difference in union growth between the period of 1946-1979 and the post-1980 period. In the earlier period, union growth was positive, even though it was not strong enough to keep density from falling. In contrast, since 1979, net growth has been negative in all but a few years. (By the end of 2006, there were close to 500,000 fewer union members in the country despite aggressive organizing efforts and an economy that has added over 1.3 million new jobs.)
- The difference between these periods does not result from the business cycle, nor from which party holds political office.
- The difference, we believe, is due to the establishment of an integrated set of neo-liberal economic policies that we call “The Corporate Agenda” that: Inhibit union growth, making it difficult for us to grow even as we organize more workers; and weaken our bargaining power with employers.
- Whereas our unions grew with the economy in the early period, the Corporate Agenda both empowers employers to fight unionization and or threaten to move jobs away from our unions.

[Slide #9] “Boxing Workers Into The Corporate Agenda”

- Over the past three decades, corporations – together with their political allies in both parties and free market fundamentalists – have pursued a ‘Corporate Agenda’ that has put workers in what can be described as “a policy box.” The policies of this box have radically reduced the role of government in the economy, destroyed millions of jobs and shifted bargaining power away from workers and their unions and towards employers.
- Employers have been using their increased bargaining power to keep the growth in productivity to themselves, pressure unions at the bargaining table, shift health care costs and taxes onto working families, and walk away from their responsibilities for retirement security.
- The policies that make up the different sides of the box, and the labels used to describe them, may sound positive to many, but when studied more closely, these policies reveal negative consequences for working families.

[PAUSE UNTIL THE BOX IS FORMED.]

(Click) (1) On one side of the box is ‘**Small Government**’. Too many people think this sounds good because it implies paying fewer taxes. However, Republican tax cuts for the wealthy “to get government off our backs” has been the principal weapon in the attack on government, together with calls from both parties to balance the budget year-to-year regardless of the social or economic consequences. As the Republican strategist, Grover Norquist has boasted: “*My goal is to cut government in half in 25 years to get it down to the size where we can drown it in the bathtub.*” Not only do these types of tax cuts reduce the size of government, they also destroy jobs for public sector workers. Governments use budget constraints and threats of Privatization to shift bargaining power away from public sector workers, thereby destroying public sector jobs. Deregulation supposedly increases competition to benefit consumers, but the threat to deregulate is also used to eliminate jobs and shift bargaining power away from private sector workers in industries like energy, transportation and communications.

(Click) (2) Another side of the box is ‘**Globalization**’. Globalization is not new, but the world has changed dramatically over the last several decades, in large part, due to the internationalization of production and the changing structure and strategies of ‘global’ corporations. American manufacturing workers understand the impact of today’s globalization as they are often placed in direct competition with some of the most impoverished and oppressed workers in the world. The U.S. has lost 3.4 million manufacturing jobs since 1998. Less evident, but just as important, is the threat to relocate production abroad which shifts power away from workers towards employers, power that employers use to lower wages and standards in the U.S. and in other countries. We are running an \$800 billion a year trade deficit and must borrow over \$2 billion a day to pay for the things we consume but do not produce. Globalization is also a threat to public sector workers. By destroying manufacturing jobs and reducing industrial union bargaining power, globalization reduces the income and with it the tax base of states and localities that depend on manufacturing industries.

More times than not, the policies on this side of the box have meant: ‘Free’ trade – often leading to unfair trade deals with limited or no protections for workers. Off-shoring – which is the practice of companies re-locating production abroad. Tens of millions of our jobs are now vulnerable to this practice, not just factory jobs. And Labor Migration – where workers around the world are forced to leave their homes in search of jobs and a better life wherever they can find it. The Corporate Agenda has us engaged in a race to the bottom by putting the pursuit of profits before protecting people.

(Click) (3) The top of the box, ‘**Labor Market Flexibility,**’ implies that employers need to have greater control over their workforce to be competitive or to better manage their workplaces. The result, however, has been to weaken the bargaining power of workers in both the public and private sectors, by lowering the wage-floor

by advocating concepts like a Sub-minimum Wage, pushing ‘right-to-work’ laws and allowing employers to engage in Union Busting.

(Click) (4) Another side of the box emphasizes ‘**Personal Responsibility**’, but what it really means is You’re on Your Own (*also called YOYO*). The policies on this side of the box have removed the social protection workers need that gives them confidence in bargaining with employers. We spend more on Health Care than any nation in history and yet Americans have poorer health outcomes – such as life expectancy and infant mortality – than countries spending half as much and we leave millions with no health insurance. We beat back President Bush’s attempt to privatize Social Security, but it won’t be the last time this system comes under attack. On top of that, more and more employers are walking away from their responsibility to contribute to workers’ retirement security by shifting from real defined-benefit pension plans to defined-contribution 401(k) workers’ savings plans. Disappearing Pensions has meant that retirement security is becoming a luxury for the few in America, and the rest of us are being told to “*Work ‘Til You Drop.*”

Public sector workers typically enjoy more health care and retirement security benefits than their brothers and sisters in the private sector. But as private sector workers lose their benefits, the political support for public sector benefits is also eroded.

(Click) (5) The bottom of the box, ‘**Economic Stability**,’ suggests that we must ensure that our economy has a stable foundation. Sounds right, but the policies here have focused on price stability and balanced budgets, thus slowing economic and employment growth (resulting in High Unemployment) and creating slack labor markets. Slow Growth means less tax revenue and slack labor markets means reduced bargaining power for public and private sector workers. Fiscal Austerity means balancing federal budgets by cutting spending and/or raising taxes without regard for the needs of balancing the business cycle or meeting the needs for public investment and provision of public services.

(Click) (6) The final side of the policy box is ‘**Shareholder Value.**’ Corporate leaders used to see themselves as stewards of the productive assets of the country and felt responsible to balance the interests of the various stakeholders of the companies they lead – customers, employees, suppliers and society as a whole. In the name of “shareholder value” and under pressure from Wall Street, CEOs today seek to reduce all costs as much as possible by reducing employment, pay and benefits of their employees. They also seek to lower their corporate tax obligations by lowering corporate rates; off-shoring jobs to low tax countries; international transfer pricing or even “re-incorporating” in low tax jurisdictions abroad. By reducing their tax obligations, companies are further weakening the tax base of the U.S. communities in which they operate.

CEOs often treat the companies they lead not as ongoing productive enterprises, but as financial assets that they trade to enrich themselves and their cronies. The ‘short-

term' business strategies they pursue (Corporate Short-termism) and the related Financial Speculation in corporate assets plunder the wages and benefits of workers and shareholders and often undermine the companies themselves.

In America today, the dominance of finance over the real economy – ‘financialization’ – extends beyond individual firms to the economy as a whole, and even into our nation’s politics. ‘Wall Street’ – the big investment banks and mutual funds, but today especially rapidly growing hedge funds and private equity players – is the real author of the Corporate Agenda. And ‘Wall Street’ moves the Corporate Agenda by the contributions it makes to both Republicans and Democrats.

- Reducing the crucial role of government in shaping the economy and shifting power from workers to employers are features, in different ways, of each side of the box. Taken together, these policies systematically empower corporate insiders to enrich themselves by undermining the wages and working conditions of all workers.
- We must challenge all these policies – each side of the box – if we are to grow, become stronger and defend the living standards of working families. And, if we are to be successful, we must respond together, as a united labor movement.

[Slide #10] “The Economy is NOT Like the Weather...”

The policies of the Corporate Agenda of the past 30 years are not accidental.

- It doesn’t have to be this way. The economy is not like the weather.
- The economic problems facing workers and their families are not purely accidental nor are they the result of some failure on the part of workers to take the initiative to get ahead on their own. Our declining economic conditions are the direct result of the acceptance and implementation of a specific set of unrestricted free market economic policies, which have dominated our country for decades to the benefit of corporations, corporate executives and the wealthy.
- •Unions can make a difference. When unions are strong, all workers benefit – including the communities where we live. Our unions offer a high-road approach – to work, to family life, and to community participation.

**[Slide #11] “Dismantle the Corporate Agenda”
“Build a Working Families Agenda”**

- We won a tremendous victory in 2006 by helping the Democrats take back the House and the Senate, and looking forward to Election Day on November 4, 2008 and beyond, we will be doing everything we can to elect a President and other

leaders who will be a true champion for working people. However, challenging the Corporate Agenda requires more than throwing out Republicans and electing Democrats. Important players in both parties champion the Corporate Agenda so it will do us little good if, when the next Democrat moves into the White House, Wall Street continues to set our country's economic policy.

- We must dismantle the Corporate Agenda and Build a Working Families Agenda so that we can restore the role of government, re-establish the balance of power between workers and their employers, rebuild the relationship between wage growth and productivity, and restore the American Dream. By doing so, we can change the direction of our country's economic policies to ensure that the economy meets the urgent needs of the majority of the people. Through strong unions, we can change the rules for the economy to work for working families!

[Slide #12] “Working Family Values”

- As we challenge the Corporate Agenda, we must also reconnect with several important working family values that resonate powerfully with all of us. Those values include:

(Click) Anyone who wants to work should have a job with a living wage.

(Click) All workers and our families should be able to live in dignity with health care and retirement security.

(Click) Every worker should enjoy the freedom to form a union and bargain collectively.

[Slide #13] “The Working Families Agenda”

- The Working Families Agenda says that our economy should exist to serve the needs of the people, the vast majority of whom earn their living by working, not the other way around. And, the goal of economic policy is to support a strong and internationally competitive American economy whose benefits are broadly shared. Our Working Families Agenda proposes alternative policies to the Corporate Agenda – policies that serve the interests and values of America's working families.

(Click) (1) Instead of ‘Small Government,’ we need **Good Government** – We must promote Public Investment and support Quality Public Services such as in the area of education and training of America's workers as well as in maintaining our infrastructure. We must restore a Fair Tax System capable of financing the key public investments necessary for a competitive U.S. economy. This will help

restore balance between government and markets, on the one hand, and between workers and their employers on the other.

(Click) (2) Instead of ‘Globalization’, we need to build **A Just Global Economy** – that promotes Fair Trade, Rebuilds Manufacturing, and advocates Justice for All Workers. We must negotiate fair trade agreements that protect the rights of workers in all countries to organize and bargain collectively. We must rebuild our industrial base and restore American competitiveness in the global economy. To do this, we must change our trade, tax and exchange rate policies to level the playing field for domestic producers.

(Click) (3) Instead of ‘Labor Market Flexibility’, we need protection for fundamental **Workers’ Rights** – a Living Wage and the Freedom to Form Unions. We must restore the balance of power between workers and their employers to allow workers to share in the prosperity they help create. This means meaningful minimum employment standards, passing the Employee Free Choice Act to restore the freedom of workers to organize and bargain collectively, and extending collective bargaining rights to millions of public-sector workers who are denied these basic rights.

(Click) (4) Instead of policies that say to people ‘*You’re On Your Own*’ and you just need to take ‘Personal Responsibility’ for your own situation – we need to ensure everyone in America their fundamental social rights and provide effective **Social Protection** – including Health Care for All and Retirement Security.

(Click) (5) Instead of ‘Economic Stability’ that promotes slow growth, we need **Full Employment** – Sustainable Growth and Good Jobs for All. We must have a more robust and coordinated monetary and fiscal policy focused on maximum sustainable growth and full employment. We must also have an approach to climate change focused on domestic investment in new technologies to produce a more environmentally sustainable economy.

(Click) (6) And, finally, instead of promoting ‘Shareholder Value’, we need **Corporate Accountability**. Corporations are not merely the private property of their shareholders, much less a playground for CEOs and their cronies. Corporations should be the productive institutions society establishes to create the wealth we need to meet our material needs. For corporations to serve their proper public purpose, we need to have Strong Regulation and Sound Corporate Governance and an internal balance of power between workers and employers, which only unions can provide through collective bargaining.

- The Working Families Agenda is the basis for all of our economic policy work with elected leaders, policy makers and the public at large. The Agenda also provides the core content for an expanded program to educate and mobilize our leaders, activists and members so that they can more confidently engage in discussions with candidates for political office at all levels of government.

[Slide #14] “How Can We Turn Around America?”

- We have a big job to do to advance the Working Families Agenda, both in the short-term and in the long-term, to restore an economy that works for all. We can start by:
 - Talking with union members, co-workers, family members, friends and neighbors about the **Working Families Agenda** highlighted by **An Economy That Works For All**. This agenda should be central to ALL contract campaigns, organizing drives and political work.
 - Take the pledge and become part of the **Million Member Mobilization** to call on Congress to pass the **Employee Free Choice Act**. Every worker should have the right to form and join a union and to bargain collectively.
 - Join the **Health Care Mobilization Team** to fight for real health care reform because “*in America, no one should be without health care.*” Our goal is to secure high-quality health care for all
 - Volunteer for **Labor 2008 Political Action** and **Voter Protection Activities**. Ask the candidates for political office where they stand on the issues and raise awareness in our communities. Encourage people to participate in the election process and to know their rights at the polls. Ultimately, the road to change runs straight through the 2008 elections and beyond, so we are mobilizing the largest, most effective political program ever to elect champions for working families at every level of government.

[Slide #15] “An Economy That Works For All”

- A strong union movement can work to reverse the trend of workers laboring longer and harder for less and restore the promise of America for our children and future generations. The American labor movement is the most powerful organization fighting for economic justice in our country’s workplaces, in our communities, and at the polls. Working together we can build a society that rewards hard work, a society that inspires young people to realize their potential and a society that values equality and economic justice. We can, and will, use our voices to change the policies of our country, build the strength of our unions and restore the American Dream.
- Let’s get the job done!
- Thank you.