



FEBRUARY 14, 2001

## LABOR LEADERS MULL TAX DIVIDEND INSTEAD OF CUT

By Peter Szekely

LOS ANGELES (Reuters) - Facing a presidential tax-cut proposal that they cannot stomach, U.S. labor leaders said Tuesday they are considering supporting a yearly tax "dividend" as a more equitable way of stimulating the economy.

AFL-CIO Secretary-Treasurer Richard Trumka said giving every American man, woman and child an amount of perhaps \$300 a year was a "better route" than President Bush's proposal to cut taxes by \$1.6 trillion over 10 years.

"It's one way to have a tax cut that reaches everybody equally," Trumka told a news conference at the annual winter meeting of the 66-union federation's executive council here.

"It would put money in people's hands quickly, rather than out in the sixth year," he said.

The tax cut alternative, which AFL-CIO President John Sweeney said is only under discussion by the labor federation's policy-setting council, is similar to a plan proposed last week by Rep. Bernie Sanders, a Vermont Independent.

The Sanders plan would give every American \$300 a year for 10 years, but would contain an automatic shut-off mechanism that would be triggered if the federal government's budget surplus were to become endangered by lower-than-projected revenues, Sanders spokesman, Dave Sirota, said.

Sanders plans to formally introduce his \$900 billion proposal in the House next week and already has the support of the 55-member Progressive Caucus, Sirota said.

Trumka said labor leaders may find the idea of a tax dividend more acceptable than the Bush plan, since it would give every recipient the same amount and would give the slowing U.S. economy a quicker jolt.

The Bush plan would be phased in over six years and has come under fire from many Democrats as disproportionately favoring high-income earners over middle class taxpayers.

### GREENSPAN DECLINES COMMENT ON TAX DIVIDENDS

Federal Reserve Chairman Alan Greenspan declined to comment on the dividend concept when he was asked about it earlier on Tuesday after delivering his semi-annual monetary policy address to the Senate Banking Committee in Washington.

The influential Fed chief reiterated that he would rather see tax cuts than government spending increases, but did not let lawmakers pin him down on his views about the Bush plan.

Labor leaders strongly oppose the Bush plan.

"We want to make sure that whatever tax cut might be before the Congress is one that really supports workers and working families," said Sweeney. "We think that the president's proposal is a real insult to working people."

Because it could endanger the surplus if revenue projections don't pan out, Sweeney said, the Bush plan could pose a threat to several current and proposed middle class programs, including one to provide prescription drug coverage to senior citizens.

"We would support a responsible tax cut," he said. "But it needs to be targeted and it needs to have a better impact on low- and middle-income taxpayers."



February 14, 2001

## UNIONS SEE CHALLENGE IN CHANGING ECONOMY

By LEIGH STROPE  
AP Labor Writer

LOS ANGELES (AP) \_ The slowing economy and the potential for thousands more layoffs show the need for unions in America's work force, AFL-CIO President John Sweeney says.

"We'll be mobilizing and organizing in whatever political atmosphere and whatever economic atmosphere we're faced with," Sweeney said Tuesday at the AFL-CIO's winter executive council meetings here.

"During times like this, where so many changes are taking place, I look on it as a good time to be organizing and as a goodtime to be educating workers about how important it is for them to join together with their fellow workers."

Federal Reserve Chairman Alan Greenspan said Tuesday in Washington that growth was close to "stalling out" at the beginning of the year, and much of the weakness came as businesses cut back quickly on production as sales slumped.

Layoff notices shot up to 142,208 last month, the highest total in the past eight years, according to Challenger, Gray & Christmas, a private Chicago placement firm that tracks them.

And just last week, a half dozen companies announced layoffs, including Motorola Inc.'s plans to cut 4,000 jobs and Verizon Communications, which expects to cut the equivalent of 10,000 jobs this year.

Layoffs once meant failure to a company and a last resort, said Ron Blackwell, AFL-CIO corporate affairs director. Nowadays, businesses react too quickly by letting go employees to send a signal to Wall Street that they are being responsive, he said.

The key is, in bargaining, to show companies that layoffs hurt their long-term growth and operations, he said.

"A lot of those layoffs aren't necessary and aren't healthy to the long-term competitive success," Blackwell said.

Also, unions use their influence in workers' pension funds, which own 26 percent of publicly traded companies, he said. Workers who also are shareholders have leverage in getting companies to focus on the long term.

For the nation's labor leaders gathering here this week, the challenge is how to expand membership and organization in a changed economy.

Last month, the Bureau of Labor Statistics reported the percentage of American workers belonging to unions fell last year to 13.5 percent \_ or 13 million \_ the lowest in six decades. Unions blame a decline in heavily unionized industries, accompanied by job growth in nonunion parts of the economy.

"That's very bad news for the American labor movement and in our view, very bad news for the economy and for those important programs and values that we fight for," said Mark Splain, AFL-CIO organizing director. "There's nothing more important to us than building a larger and stronger labor movement."

Last year, 400,000 new members joined unions, and the AFL-CIO wants to double that this year, Splain said.

It will be a tough road, said Richard Hurd, director of labor studies at Cornell University. For starters, unions must do a better job of showing how they are relevant to the lives of all workers and their families.

The AFL-CIO also opposes President Bush's \$1.6 trillion, 10-year tax cut plan. They got a boost by Greenspan, who also said Tuesday that the proposal won't prevent recession and that eliminating the federal debt is still his first priority. That's what unions have been advocating.

“Workers believe the surplus should be directed at their priorities like prescription drugs and Social Security and children’s health care and education \_ and not a huge tax cut to those who need it the least,” Sweeney said.

**The AFL-CIO favors a plan to offer dividends to taxpayers much like public companies pay to their shareholders.**

**A tax dividend would be immediately spendable, unlike Bush’s tax cut plan, said Richard Trumka, AFL-CIO secretary-treasurer. For example, every American taxpayer, regardless of income, would get a \$300 rebate check instead of a cut in their tax rate.**

**“It would put money in people’s hands quickly rather than out in the sixth year,” he said. “That money could then be used to purchase things that are needed or to alleviate shortfalls people are currently having.”**

**The dividend plan is for one year, which would safeguard against budget shortfalls or inaccurate projections, he said.**

Also Tuesday, the executive council met in a closed session with congressmen friendly to labor, including House Minority Leader Richard Gephardt, Rep. David Bonior and Rep. George Miller, to talk about this year’s political landscape.