Congressional
Progressive Caucus

Rep. Dennis Kucinich, Chairman

NEWS UPDATE - Friday, January 26, 2001

SUMMARY

In the News…

- *CongressDaily* reports on the House GOP leadership organizing K Street lobbyists and business interersts firmly behind President Bush's corporate agenda
- *CongressDaily* reports on the so-called "New Democrats" attempting to co-opt progressives in the House.
- *The Nation* reports on how the California utility companies' mismanagement and greed led directly to the ongoing energy crisis
- *The Washington Post* reports on how the Bush Inaugural Committee is breaking even, thanks to a series of $100,000 contributions from corporate patrons
- *The Nation* takes an in-depth look at how General Electric's globalization efforts damanged the town of Bloomington, Indiana.

From the Editorial Pages…

- *William Pfaff* writes in The International Herald Tribune about how the proposed McCain-Feingold legislation – while a good effort – is only a small step to curbing the massive influence corporations have over our elections
- *Marie Cocco* writes in Newsday about how President Bush's efforts to stop abortions will not be helped by his recent decision to halt U.S. funding of international family planning organizations

Quote of the Day…

"We don't talk at these sessions - we listen to their priorities."

- "GOP source" describing what GOP leaders do during strategy meetings with corporate lobbyists (CongressDaily 1/26)

In the News on January 26, 2001

House GOP Opening Agenda To Business

House Republican leaders are working to pump up their coalition efforts with the business community and fully mobilize K Street behind President Bush's agenda, according to leadership sources.

These sources said "coalition building" was stressed at a GOP leadership meeting Wednesday. "We can't move our agenda without help from the outside groups," said one leadership source.
Republican leaders believe their outreach efforts will be bolstered by the appointments of former lobbyist Nicholas Calio as the president's legislative affairs chief and Nelson Litterst--a National Federation of Independent Business veteran--as one of his deputies.

GOP sources said they hope to be able to give their allies in the business community and other groups more advance notice of their legislative plans, which in turn should allow these groups to crank up their lobbying, public relations and grassroots apparatus.

The first step in this year's outreach program, GOP sources said, is a series of "listening sessions" with top business leaders to discuss the agenda for the 107th Congress.

The first session, held earlier this month, focused on tax cuts--with business leaders emphasizing the need for an offset to any increase in the minimum wage, corporate Alternative Minimum Tax relief and repeal of the federal estate tax, according to one participant.

The National Association of Manufacturers initiated that session, but GOP leaders plan to convene another session on taxes in the coming weeks.

Sen. Christopher (Kit) Bond, R-Mo., Thursday introduced a small business tax relief package that seeks to offset the costs of a minimum wage hike. The bill was strongly endorsed by the NFIB and other business groups.

Rep. Wally Herger, R-Calif., and other GOP members of the Ways and Means Committee are expected to offer a series of bills that will encompass the elements of the Bond proposal, sources said.

Another session in recent days concerned ergonomics issues, as Republicans and business lobbyists piece together a strategy for reversing the workplace safety rule implemented in the waning days of the Clinton administration.
The listening sessions are being conducted jointly by the offices of Majority Whip DeLay and Conference Chairman J.C. Watts of Oklahoma. A total of 13 sessions will be held through February and will cover topics including taxes, energy policy, health care, and high tech issues such as Internet privacy.

Staffers from the relevant committees and aides to DeLay and Watts will lead the sessions, but Watts and DeLay along with Majority Leader Armey and Chief Deputy Majority Whip Roy Blunt, R-Mo., typically stop by to greet participants, sources said.

"We don't talk at these sessions--we listen to their priorities," one GOP source said.

The GOP staffers will put together a "member's guide" detailing the business participants' views on each issue for distribution throughout the Conference.

Moderate Dems Seek To Heal Rift With Liberal Party Wing

Members of the New Democrat Coalition in the House have begun reaching out both legislatively and symbolically to the liberal arm of the Democratic Party in hopes of healing the perceived divide between the two groups, according to moderate Democrats.

"There is a concerted effort to say ‘This is not your father’s New Democrat Party,’" said Rep. Adam Smith, D-Wash., a House coalition leader.
Smith believes that "overarching goal" of the New Democrat policy agenda--"to create as much opportunity as possible for as many people as possible"--is a message that resounds particularly strongly with members of both the Congressional Black Caucus and the Hispanic Caucus.

Smith called the vote on permanent normal trade relations for China "a good focal point" of the mutual interests between New Democrats and traditional liberals.

He said CBC members Reps. Charles Rangel and Gregory Meeks, both New York Democrats,"were with us on policy," which was the primary reason they both eventually supported the legislation.

Rep. Calvin Dooley, D-Calif., a co-chairman of the New Democrat Coalition, said that the two groups also worked together on the Africa and Caribbean trade vote, with the Democratic Leadership Council sponsoring a reception to honor Rangel to drive interest in the issue.

Rep. Harold Ford, D-Tenn., a member of both the CBC and the New Democrat Coalition, also is playing a key role in bridging the gap between the two groups, according to sources familiar with the situation. Ford is expected to be named to a senior position within the New Democrat movement in the near future, sources said.

Legislatively, New Democrats believe that their "empowerment agenda"--which encompasses job training, e-rate technology benefits for schools and libraries and other "digital divide" issues--will afford them opportunities to work with the more liberal element of the party.

"Our empowerment agenda ensures that every citizen has the opportunity to be a full participant in this economy," Dooley said.

Another sign of this newfound commitment to outreach is a reception scheduled for the CBC and the Hispanic Caucus on Jan. 31 hosted by the New Democrat Coalition and the Information Technology Industry Council. Dooley said the reception is aimed at "improving communications and demonstrating our commitment to work together" with liberal Democrats.

Amid the talk of outreach, however, there are signs that there are hurdles still to clear.

At a news conference this week sponsored by the DLC, AFL-CIO Political Director Steve Rosenthal feuded with both DLC founder Al From and pollster Mark Penn concerning the reasons that Al Gore lost the election.
Despite some testy exchanges, From spoke of his "newfound appreciation for organized labor" while Rosenthal praised the "new openness on the part of the DLC."

Both men confirmed they, along with AFL-CIO President John Sweeney, had met several times since the election to discuss outreach efforts.

Simon Rosenberg, president of the New Democrat Network, affiliated with the coalition, recognizes that "more needs to be done" in terms of outreach but "Democrats are talking to each other a lot these days." Rosenberg added, "There may be some unusual coalitions coming along in 2002."

California’s Deregulation Disaster

by HARVEY WASSERMAN
Blackouts, brownouts and soaring electricity rates have defined the political landscape of California since last spring. They’ve transformed the phrase "utility deregulation" into a household epithet. They’ve stopped in its tracks a

nationwide wave of electricity restructuring that has already claimed two dozen states and was about to sweep the rest. And they've helped create a crisis whose economic and ecological shock waves will carry deep into the new century.

The roots of this unnatural disaster lie in the corporate boardrooms of the utility companies now on the brink of bankruptcy. It was their mismanagement and greed that led directly to some of the greatest miscalculations in US business history. Those missteps, and their impact, were clearly predicted by consumer and environmental activists, who fought to prevent them. "This was a catastrophe we all saw coming," says Dan Berman, co-author of *Who Owns the Sun?* "But the power companies had an agenda to push and the money to foist it on the public. Now we all reap the whirlwind."

California's dereg disaster began in 1996, when the state's three dominant utilities banded together to force on their ratepayers "the largest corporate ripoff in American business history," as Ralph Nader has put it [see Wasserman, "The Last Energy War," March 16, 1998]. At the time, Pacific Gas & Electric (then the nation's largest privately owned utility), San Diego Gas & Electric and Southern California Edison were caught in a squeeze between their big industrial customers, who were threatening to generate power on their own, and the burden of their own bad investments in obsolete generators, mainly nuclear power plants. They were also tired of having their rates regulated by the state's ninety-year-old Public Utility Commission. What they wanted was to cash out of those bad investments, keep their big customers and make profits at will, without regulation.

So they proposed the following: Regulation of distribution lines will stay intact. We will separate the business of generating power from the business of distributing it to the public. We will spin off much if not all of our generating capacity (though in fact much of this was done only on paper, with power plants merely being transferred to the distribution companies' parent corporations). Then, as pure distribution companies, we will compete with other resellers for customers, who can choose their suppliers and even purchase "green" energy from companies selling wind and solar. Competition will rule. Prices will go down.

The price tag for Californians? Somewhere between $20 billion and $28.5 billion in upfront "stranded costs," i.e., direct paybacks to the utilities for their bad generating plants. These charges would be levied through "transition fees" and other surcharges, buried in customers' bills but adding up to as much as 30 percent of monthly payments. During the time it would take to pay back those bad investments, retail prices would be frozen. The California Public Utility Commission would also get $89 million in ratepayer money to promote the new scheme, giving utilities a leg up on whatever competition might materialize.

A bill, AB 1890, was drafted in SoCalEd's offices. After a few perfunctory hearings, the legislature passed it unanimously and Governor Pete Wilson, then a presidential candidate, eagerly signed it. Some consumer and environmental groups were furious about a wide range of issues, most notably the reactor bailouts, which they worried (correctly) would prolong the operating life of deteriorating nukes and other polluters. So in 1998, as the bill was taking effect, a broad coalition put a repeal on the ballot. Surmounting virtually impossible odds, the coalition gathered more than 700,000 signatures in less than five months. Initial polls indicated the measure would be a close call, but the utilities spent $40 million, calling in their chits with labor, ethnic and other organizations around the state. The repeal went down, getting 27 percent of the vote.

But in their haste to cash out, SoCalEd and PG&E made some critical miscalculations. Most important was their assumption that there would always be a surplus of cheap wholesale electricity. So they sold off too much of their generating capacity and had too little of their own supply at a time when rates were still frozen. Then came a hot summer and a cold winter. Natural-gas prices shot up. Some key generators went down. Storms knocked out transmission lines. The nukes had problems. The utilities found themselves at the mercy of independent producers who'd snapped up generating capacity and could manipulate the wholesale market. Having dismantled key efficiency programs, the utilities now realized that their customers, buying power at fixed costs, had little incentive to conserve. So demand quickly outstripped cheap wholesale supply, which now spiked up at the whim of those with power to sell. PG&E and SoCalEd became wounded, bleeding whales at the mercy of sharks they could not control.

Companies like the North Carolina-based Duke Energy, Reliant of Texas and the Houston-based Enron, the nation's biggest natural-gas distributor (and a key supporter of George W. Bush), made billions selling power at high rates to the companies that had just sold them their generators. By one estimate, since last spring PG &E and SoCalEd have spent $12 billion more on power than they were able to collect from their customers. In some cases, the two companies were forced to sell juice to consumers at a rate of $64 per megawatt-hour while paying $1,400 for it. Even rival utilities got into the act. Oregon's Portland General Electric withdrew a proposed rate hike for its own customers when it realized it could sell power in California at a higher profit. At least two large bauxite smelters in the Northwest shut down and realized some $500 million in profits by selling into the southbound grid cheap electricity they were buying on long-term contracts with hydro generators. Selling power was, simply, more profitable than making aluminum. Perhaps most telling of all, the parent companies of PG&E and SoCalEd made as much as $3 billion selling power to electricity distributors, which were now pleading for state help to avoid bankruptcy.

California Governor Gray Davis made repeated calls to the Federal Energy Regulatory Commission and other national bodies to help fix prices, guarantee supply and punish those companies gouging California consumers. But if the crisis has illustrated anything, it's the inability of federal agencies to control powerful suppliers whose political clout is exceeded only by their ability to have their way with one of the world's most complex entities, the electric-power grid. "Never again can we allow out-of-state profiteers to hold Californians hostage," vowed a frustrated Davis. But at this point it's not clear who could prevent it. Congress has debated national deregulation bills, but they've gone nowhere. And most were headed in the wrong direction, giving the private companies more license to mess with the system, not less.

None of the two dozen other states that have deregulated have yet suffered a disaster on California's scale, but the results have been decidedly mixed. By promising low rates and real competition, Massachusetts utilities beat back a 1998 repeal on the same day as the California repeal vote. Says Deb Katz of the grassroots Citizens Awareness Network, "Massachusetts rates are now some of the highest outside California. The only ones benefiting are the nuclear corporations that have had their bad debts paid on our back." Similar stories are repeated in nuke-laden Illinois and Michigan. In Ohio ratepayers have been saddled with more than $5 billion in bad reactor debts, and no real competition is on the horizon. In Pennsylvania, citizen groups beat back some of the utilities' stranded-cost demands. As a result, some margin has opened up for actual competition, and green energy suppliers have made some headway. But in Texas, which deregulated right in the midst of the California crisis, and in New York, which is doing it piecemeal, the results are not yet in. In two dozen other states that remain regulated, and in Congress, the term "gun-shy" might apply.

In California itself, consumer advocates want to put a sweeping rollback on the 2002 ballot. Harvey Rosenfield of the Foundation for Taxpayer and Consumer Rights, an early AB 1890 opponent, and others believe the utilities' ability to hoodwink the public will be severely constrained by recent memories of tripled electric bills and borderline survival. Gene Coyle, an energy analyst, says that if prices "shoot skyward again, a campaign should be winnable."

The state and private utilities are now caught in a vise. San Diego Gas & Electric, which had fewer stranded costs to pay off and thus quickly escaped the rate freeze, was able to double and triple its rates last summer, infuriating Southern California consumers. Meanwhile, Governor Davis is soaking taxpayers to buy power to resell to SoCalEd and PG&E to save them from bankruptcy because their rates are frozen. But if they weren't frozen, their rates would double and triple, infuriating the rest of the state.
"It's all been a big shell game," says Oakland-based activist Paul Fenn (see www.local.org). "The distribution companies are causing panic by threatening bankruptcy with huge paper losses. But the parent companies are quietly taking huge profits while not accounting for all that stranded-cost money, which is tucked away in foreign and out-of-state investments. Meanwhile, the public gets no tangible assets in exchange for the subsidies. It's an astounding ripoff."

Through it all, dereg apologists are having a hard time explaining why two California power companies were immune to the crisis: the Los Angeles Department of Water and Power and the Sacramento Municipal Utility District. Both are owned by the public, and both maintain heavy commitments to renewables and efficiency. In 1989 Sacramento voted to shut its one nuclear reactor, and has since pioneered a major shift to solar, wind and biomass energy, with heavy commitments to conservation.
During the crisis, rates charged by both companies have been stable. The two "munis" actually made money selling power to their embattled private neighbors, underscoring the fact that throughout the United States, public-owned

power districts supply electricity cheaper and more reliably than the private utilities. The California crisis has already spurred grassroots movements in San Francisco, Davis and elsewhere to demand municipals of their own. "In the long run," says author Dan Berman, "public ownership is central to any real solution to the problems of the electric-utility grid."

So is conservation. At the peak of the crisis, Governor Davis ordered widespread efficiency measures that kept demand down without significant impact on the health and safety of the public. "Had the state been more aggressively pursuing efficiency all along," says Coyle, "much of the crisis could have been avoided."

Nonetheless, the constant drumbeat for more generating capacity will be hard to counter. And the widespread assumption is that any new power plants will be fossil- or nuclear-fueled. But every US reactor ordered since 1973 has been canceled. There are none now under construction here, and resistance would be ferocious, especially in light of nuclear power’s role in prompting the crisis in the first place. A year ago, natural gas would have seemed the logical choice for new generating capacity. But prices have soared and aren’t likely to come back down soon.

Which leaves what the consumer/environmental community that opposed AB 1890 has been arguing for all along--renewables. The most notable new Western power plant is now stringing its way along the Oregon-Washington border. It consists of 450 windmills with sufficient capacity to power 70,000 homes. With construction under way in February, electricity could be surging out by December 31, a far faster construction timetable than for any other source. The fuel supply will be cheap, stable and clean. Environmental opposition will be nil.

Thanks to 15,000 windmills built in the 1980s under Governor Jerry Brown (now mayor of Oakland), California once produced 90 percent of the world’s wind power. But the big utilities wanted little to do with them. Last year the world-leader’s mantle slipped to Germany, which built the equivalent of a large reactor’s capacity in wind power. Had California done the same, things might have been different. "The message is clear, " says Coyle. "The power supply needs to be controlled by the public. And efficiency and renewables work. Do we have to go through this again to relearn those lessons?"

Inaugural Committee Set to Break Even

By Karlyn Barker

President Bush’s inaugural committee raised a record $40 million for last week’s festivities and expects to spend all or nearly all of those funds by the time it finishes paying its bills.
"We took in close to $40 million through last-minute underwriter packages," Dirk Vande Beek, the Presidential Inaugural Committee’s deputy communications director, said yesterday. "The bills are still coming in, but we think we’ll break even."

Inaugural officials, pressed for time and seeking to defray the cost of tickets to the parade and balls, offered a package of inaugural tickets last month to "underwriter" donors who contributed $100,000 to help pay for the three-day celebration. Every underwriter received 10 packets, each containing a ticket to every inaugural event.
As of yesterday, the committee’s Web site listed $27.7 million in contributions, three-quarters of it from 217 companies or individuals who gave $100,000. Vande Beek said the complete list of donors and their contributions will be available soon.

Among the $100,000 donors, many of which will have regulatory and other issues in the new administration: Coca-Cola, Pepsi-Cola, Microsoft, General Electric, Dow Chemical, Citicorp, Merrill Lynch, Anheuser-Busch, Lockheed Martin, auto manufacturing firms and airlines. The National Education Association, the nation’s largest teachers union, gave $25,900.

Marriott International Inc. and its subsidiaries gave $750,000, making the Bethesda-based company the committee’s biggest contributor. Media mogul Rupert Murdoch gave $100,000, and the National Association of Broadcasters gave $50,000.
The Washington Post Co. gave $100,000. Patrick Butler, vice president of the company, said the donation was an efficient way of getting tickets to inaugural balls for Post and Newsweek advertisers. The company, which owns

Newsweek, "traded back" to the committee all the tickets for dinners, receptions and ceremonial events to get 100 inaugural ball tickets.

"Appearances" were considered, Butler said, "but because we've done these kind of things in the past -- at different price levels -- we thought it wasn't unprecedented."

For President Bill Clinton's 1997 inauguration, The Post paid $15,014 for ball tickets, which cost $150 each. Tickets to the inaugural balls this year cost $125.

"Does it violate some deep canon of ethics?" said Tom Rosenstiel, director of the Project for Excellence in Journalism. "No, because it doesn't touch the newsroom. Does it look good? I don't think so. This is exactly what people don't like about politics in Washington."

In 1997, the inaugural committee for Clinton limited donations to $100 but waited until mid-April to disclose the names of those who bought tickets or made donations. Clinton's inauguration cost $29.6 million and took in $23.7 million. Money left over from his first inauguration was used to make up the difference.

The reliance on private contributors to help pay inaugural costs is fairly standard. Clinton's inaugural planners scaled back the practice in 1997 after some of those who gave to his first inauguration figured in Democratic fundraising controversies.

GE Brings Bad Things to Life

by JOANN WYPIJEWSKI

There are loftier monuments to human progress in Bloomington, Indiana--the Kinsey Institute, the alma mater of one-half the DNA discovery team of Watson and Crick, the site of the original Dog and Pony Show--but nothing so exuberantly represents the excess of American household convenience as the General Electric side-by-side refrigerator-freezer, manufactured exclusively in the city since 1967 in the biggest such factory in the world. This "Cadillac of refrigerators" (up to $2,449 retail) has been rolling off Bloomington assembly lines under the label GE or Hotpoint or the redoubtable Kenmore at a rate of 230 an hour, 4,700 a day, 1.6 million a year. But the mood at the plant is far changed from what it was thirty years ago, when the Bloomington *Herald-Telephone* ran boosterish photographs of bright-faced GE workers rewarded with checks in the thousands of dollars for their cost-saving suggestions.

In 1999 plant management announced that profitability was falling, that $65 million in cost savings was needed, and it was the job of members of International Brotherhood of Electrical Workers Local 2249 to come up with the money. When they did, the company said it wasn't good enough. Half the production would have to be moved to Celaya, Mexico, where instead of $24 an hour in wages and benefits, labor can be bought for $2 an hour. This past December, 733 GE workers in Bloomington were cast off; in the next few months hundreds more will be out of a job and hard put to match their income and benefits anyplace else in town. When it's all over, 1,400 of the plant's 3,200 jobs will be gone.

GE is the largest manufacturer in Bloomington, but in times of "prosperity," stories like this one don't tear through a town the way they did in the 1980s. Bloomington's official unemployment rate is 1.1 percent. Hoosier basketball coach Bobby Knight lost his, but jobs are in greater number than ever. The city's biggest employer, Indiana University, is expanding; its newest offering, a School of Informatics for the techno age. Real estate is moving at a rapid clip, and the signposts of development are everywhere as this "Crossroads of America" town increasingly becomes a destination for tourists, well-off retirees and small high-tech companies. But there's a bitter wind blowing through the boom. Over the past two years 3,665 well-paid factory jobs have left Bloomington. In Indiana as a whole, since 1994, 15,000 workers a year on average have lost their jobs. The most passionate political dispute in town involves what environmentalists, rural preservationists and others call "the NAFTA highway," a proposed Interstate extension that would put Bloomington on a high-speed freight route from Canada to Mexico. The United Way's Josh Cazares, who also coordinates the local Jobs With Justice, tells of full-time workers taking supplemental part-time gigs, making regular visits to food pantries. "There's a lot of insecurity," Cazares says.

General Electric has made an art of insecurity. It is, says the *New York Times*, "regarded in many management circles as America's most admired corporation." On the cusp of 2000, *Fortune* named CEO Jack Welch, a ruthless megalomaniac, "management revolutionary of the century." Before Welch aborted his well-publicized retirement to make one more big deal, Time Warner paid him $7.1 million for his memoirs, adding to the trove of books offering tips to business climbers eager to emulate his success. No other company has ever posted a year-end profit even close to the $12.7 billion GE piled up in 2000. In polls, consumers recognize its name more widely and think more highly of it than they do any other corporation. They also know almost nothing about it.

They associate it with making things--light bulbs, refrigerators--unaware that its chief business is debt. Over the past two decades GE has transformed itself into the biggest nonbank financial corporation in the world, the biggest owner of planes and vehicles and credit-card debt. Between 1982 and 1997 (a time when American household debt reached previously unimagined heights), GE increased the value of its shares 1,155 percent. It did this while expanding its financial services department and discarding about half its US manufacturing work force. It has moved production offshore, also engineering, and lately gave an ultimatum to its US suppliers, companies that sell it everything from screws to heavy machinery: Move operations to Mexico or lose GE's business. It is a master of mergers and acquisitions, making 125 such deals in 1999 alone and capping 2000 with the $45 billion acquisition of Honeywell, where heads will roll to keep stock prices up. Nor are white-collar and service workers in the GE empire any more secure. With the sinking of Montgomery Ward, 28,000 people lost their jobs; 600 are to be cut at NBC; and though GE's profits were up 19 percent, Wall Street analysts are saying 80,000 of its workers could be jobless before 2001 is over.

Workers still speak of "loyalty" and "corporate responsibility," but as recounted in Thomas O'Boyle's estimable book, *At Any Cost*, Welch announced back in 1982 that GE was responsible only to its shareholders and launched what corporate staff called a "campaign against loyalty," ordering the word struck from company communications. Last summer GE and its unions agreed on a national contract worth $1 billion in wage increases and benefits over three years, but in Bloomington, as in cities across the country where GE still makes things, workers are asking, "What good is a pay increase if I won't have a job?"

The Bloomington plant, more than a million square feet, sprawls along the city's industrial strip, Curry Pike. Its warehouse can accommodate whole cargo trains, its workers forklifting through a maze of mighty refrigerators stacked eight high. Inside, refrigerator doors and inner linings and cases as large as thirty cubic feet dangle overhead, pulled along on chains from one floor to another and onto the lines. Almost everything is made by hand or simple machine. At the plant's easternmost edge is Profile Drive, a token of the town's debt to the popular refrigerator.

GE's mass layoff is not the first in Bloomington in recent years, only the largest. Bill Abbott, who works the night shift in the warehouse, drives to work each day following a trail of bad omens. There's the old Wetterau site, a distribution center for IGA supermarkets that closed in 1997, taking down 114 Teamsters with it. One of Bill's workmates had made $17 an hour there; its nonunion successor, a division of Sara Lee, pays $8. Across the street a We're Hiring! sign advertises a temp agency. Catty-corner, the parking lot is padlocked and sprouting weeds at what had been Westinghouse, then ABB tool and die, both union, first one then the other slowly drained of thousands of jobs; the site was finally abandoned in 1999, another 175 workers down. Just past GE is Cook medical supplies, exemplar of the new breed of companies, fiercely antiunion, hiring at just above minimum wage; and Otis Elevator--union, $15.41 an hour, once employing over 1,000, now down to 527 and counting. Along the strip are a dozen firms with smaller parking lots and smaller wages. One of them, Griner Engineering, is exploring possibilities for producing machine parts in Mexico to meet the price demands of its big industrial customers.

Abbott, 37, began working at GE in 1987, hanging refrigerator cases in the paint department. He never marched or spoke out when those other plants closed; or when RCA, which once had the world's premier production line of color TVs and a work force of 8,000 in Bloomington, got bought by GE, changed hands again, let go of its last 1,100 workers in 1998 and moved to Juárez. He did his job, considered GE Bloomington one of life's fixtures. Cumulatively, his immediate family has given 112 years to the plant.

His wife, Jennifer, started there in 1988. Like thousands of other Bloomington workers trying to prep themselves for "the new economy," she also attends computer classes at Ivy Tech. She's a little anxious that data entry could wreck her wrists, already puffy and cystic from taping refrigerator cartons--an "easy job"--a thousand times a night. She'd prefer to study nursing, but even as it "downsizes," GE won't pay for training in anything not directly applicable to GE work.

Jennifer's mother, Judy Deckard, started at GE in 1978, in the paint department, and jovially remembers when every part of her face and hair that hadn't been masked was tinted almond or white or harvest gold. Now she installs handles and trim on the door line at a rate of 198 an hour. Her husband, Alton, worked at RCA from 1959 building TV cabinets--his mother had cut wire there long enough to get insurance for a hysterectomy, and his mother-in-law spent thirty-two years inserting radio cables--and is happy never to have worked at GE. He recalls the one time that Jack Welch visited the RCA plant, mounted a flatbed truck and told his newly acquired workers that there would be layoffs, six or seven hundred, and sure enough, there were.

Bill's sister, Fonya Chinn, and her husband, Scott, worked ten years at GE until they saw the handwriting on the wall and took lower-paid but more stable jobs. His mother, Mary, was a nonunion housing custodian at the university ($7 an hour) "for 15.981 years" before joining GE in 1988 as an electrical tester ($16.55 an hour). His father, Joe, was among the first workers GE hired, in 1967, and has spent most of his years in quality control.

"When I hired in," Joe said, "my foreman picked me up that first day, sat me down on the line and showed me how to do the job--every bit of it. Then he let me do it and watched until I got it right. He could do that job as good as anyone on that line. But GE got rid of all the old knowledge. They're setting us up to fail. Today the majority of foremen cannot do any of the jobs on the line, don't know what it takes to do that job, have no feeling for what the people are going through."

For now, the Abbott family isn't on the layoff list, but what with one thing and another--the mismanagement and the money-worship, the injuries and the noise and the sense that life's too short to tolerate disrespect--Bill Abbott says, "I can't stand apart from this anymore. At least I'll know I put up a fight."

Until the whip came down, IBEW Local 2249 was like a lot of local unions: satisfied if the wages rose and the grievances got filed and the overtime kept coming. With those certainties shattered, the choice becomes resistance or resignation. The local's former president Carven Thomas spoke for the latter when he said, "Let me work while I can work. We need to let it go because the jobs are gone."

Thomas was only following in the tradition of GE's unions over the period of Jack Welch's scorched-earth campaign against their members. Since 1991, union representation in GE's US operations has fallen 14 percentage points. In terms of work force lost, plant figures from 1984 to 1999 read like casualties of war: Bridgeport, 85 percent; Burlington, 100; Cleveland, 95; Everett, Massachusetts, 100; Hickory, North Carolina, 100; Holland, Michigan, 100; Louisville, 53; Lynn, Massachusetts, 64; Memphis, 60; Philadelphia, 69; Pittsfield, 99; Providence, 63; Rome, Georgia, 100; Syracuse, 100; Youngstown, 100. (This is a partial list. Figures like 99, 95, 85 percent represent GE's penchant for keeping a skeleton crew for maintenance or security; that way it's not a "plant closing," and the company avoids paying for severance or retraining.)

For all that experience, each newly assaulted GE local finds itself having to figure out how to struggle as if it were the first. There's a feeling expressed in Bloomington that the work force may have only begun to bleed. Talking in the parking lot one night after the second shift, workers acknowledged that GE is investing $100 million to build new energy-efficient models there, then noted the opportunity for tax write-offs and the plant manager's warning that investments beyond that are "ours to win or lose." Not one of about a dozen workers believed the plant would be open after 2003, when the present national contract expires. "And what'll you do then?" No one knew. No one had a good word for the International union. About Local 2249's leadership, they were fiercely divided.

It's easy to romanticize the rank and file until you meet them. Then they're as self-interested and unheroic as most people, and as uncomfortable with change, as timid in the face of what they perceive to be an unstoppable force.

Decades of business unionism and almost total unfamiliarity with a culture of struggle--few remember the great GE national strike of 1969--have only reinforced what, after all, is very ordinary behavior. IBEW locals lay down when Westinghouse closed, when RCA closed. Local 2249 was ready to lie down too. But a fresh team took leadership, and they are ruffling feathers by asking the extraordinary.

"Why are the 1,800 [whose jobs will remain] not supporting the 1,400? Why were those 1,400 just laying down?" asks local vice president Ruth Ann Vaught, a taut woman formerly on the door line, with a knowing smile and a will that you wouldn't want to be opposite. "I told them, 'What the hell have you got to lose? Stand up, be a supporter, fight for your job.'"

Almost as soon as she and president Steve Norman took office, in July of 1999, they were blindsided. New federal energy standards would raise production costs, management said; two Bloomington lines would have to be built in Mexico--unless the union could come up with the aforementioned $65 million in savings. The previous local leadership and IBEW HQ in Washington had known about this but hadn't bothered to tell anyone. The International hadn't wanted to take a militant stand in national contract negotiations either. Within the Coordinated Bargaining Committee, which negotiates national contracts covering GE's thirteen unions, the IBEW was "a reluctant partner" when preliminary planning for the contract was beginning in early 1999, according to a well-placed CBC figure who asked to be nameless. "They didn't want a public campaign against GE; they worried about retaliation."

When Norman and Vaught, with no prior experience in such things, began bargaining to save jobs and money, they got no assistance from Washington HQ. "We had to wing it," Vaught says. Worker committees proposed efficiency measures, production adjustments, changes to reduce injuries (thus lost-time costs) and so on. They calculated these to be worth $188 million. At about the same time, GE was threatening International Union of Electrical Workers (IUE) Local 761 at its "Appliance Park" in Louisville with a similar extortion scheme. There, the union sacrificed 400 jobs, changed work rules and took wage increases as bonuses rather than as additions to the base pay. GE agreed to keep the threatened production line in Louisville. It got no similar concessions in Bloomington, declared only about $40 million of the union's proposals valid, and now it's off to Celaya. Local 2249 just didn't meet the goal, GE spokesman Terry Dunn says, plain and simple, his voice thick with disdain.

In hindsight, maybe Norman and Vaught shouldn't have played the cost-cutting game. As Richard Segalini, vice president of GE's appliances division, would later clarify for them, "Cooperation is worth zero dollars." But they had to choose from among the available options, and the union's history is such that taking action at the point of production or taking the street weren't the first things that came to mind. Also, Norman--a longhaired, bearded, self-confessed hothead who'd previously served as president--thought the company was counting on an emotional refusal. Cooperation may be worthless, but a union's noncooperation can be worth a fortune in corporate public relations.

Every area of struggle creates opportunities, though, and if the cost-savings exercise delayed more aggressive action--and gave managers the benefit of the workers' knowledge free of charge--it also inspired some collective spirit within the shop. People like Abbott started talking to co-workers, learning about GE, about Mexico, filling notebooks with ideas and recognizing the value of their labor. When the company said they'd come up short, in December of 1999, it raised within them a righteous anger.

It was then that Norman sought help from the community--from Jobs With Justice, the religious folk, the No Sweat! organizers at the university and activist professors. Last March those forces picketed outside the plant. In April Norman put out a memo with the words to "Solidarity Forever" and a kind of manifesto linking GE to Nike, the WTO and the IMF's mission of "imposing austerity on Mexican workers through no less than seven 'structural adjustment agreements'...[whose] effect has been the drastic lowering of the standard of living of Mexican workers."

Independently, Abbott and a couple of other workers traveled to Washington for the A16 protest against the IMF and World Bank. At a demonstration against GE in Bloomington on April 29, Abbott wore a suit, marched with veterans and spoke in public for the first time. He's not alone in expressing a sometimes contradictory mix of union radicalism, nationalism, loyalty betrayed and sprouting internationalism. Vaught cuts to the chase for members who might be confused or worse about Mexican workers: "They're not taking your job, brother. They're not taking your job, sister. The company moved there; they're just applying for a job. When GE called you, you went because you needed a job. And I have a problem with workers working in a shop for almost nothing, in unsafe conditions and then going home to a shanty shack because they have no alternative." It's not just GE that's at issue; it's the Mexican minimum wage of $3.75 a day that makes GE's wage of $2 an hour seem fabulous.

But confrontation is unsettling. For every Bill Abbott there's at least one worker like the woman who told me her fight was not with GE but with Steve Norman for riling people up, and more who are just passive or afraid. It's an object lesson in the difficulty of building solidarity even in one union, let alone nationally and internationally.

In July the GE national contract, which brought a lot of money but no substantive gains on job security, was approved overwhelmingly in Bloomington, as elsewhere in the country. The local contract, which covers plant conditions and procedures, was rejected overwhelmingly. The 1,400 jobs were not expressly on the table but figured into the union's resolve. The No vote meant going back to the table, and because management had insisted its offer was final, there was the possibility of a strike. But soon after the vote, the IBEW district representative told Norman and Vaught that union HQ in Washington had been getting calls from members of the local complaining they hadn't understood the issues. Norman was ordered to take a second vote. If he didn't, he says, the International "made it clear that they wouldn't sanction a strike. That means it would have been an illegal strike; I wouldn't do that to my people." Second time around the local contract passed narrowly.

What happened? Maybe people hadn't been prepared well enough. Maybe they pondered the prospect of a strike and got scared. Maybe the International, which isn't in the habit of supporting strikes, got scared. But by ordering a revote--and presenting no evidence that it had, in fact, been inundated with complaints--the International undermined the local leadership. Now the bitterness in the plant between those who supported Norman and those who didn't is sharp, presenting the fighting side with one more formidable hurdle. Bobby Roberts, head of the International's manufacturing division in Washington, referred questions on Local 2249 to the vice president of the sixth district, Jeremiah O'Connor, who said there was nothing unusual about interference from on high in local votes, and when I tried to press the conversation, said, "I think you're bullshitting, lady," and slammed down the phone.

In situations of mass layoff, every worker is affected. Those out of work or soon to be are suddenly facing an unexpected burden on top of all the familiar ones. Despite a year and a half of threats and announcements to the contrary, GE has now informed the government in writing that technically it "has not shifted production to Mexico" but simply "intends to import from a corporation in Mexico"; thus, the newly jobless are not entitled to training, extended unemployment benefits, relocation and job-search assistance under Title V of the NAFTA Implementation Act. As for the still-employed, those with the most seniority in mothballed production areas are being reassigned to the lines that remain, creating a "bump" that reshuffles hundreds of workers to different jobs--no doubt affecting productivity and perhaps the rate of injuries, already at one a day, according to Vaught. The local is struggling to find its feet: first, to assist those losing their jobs and to counter GE's latest action; then to create some vehicle to repair relations in the plant, improve communication, educate the membership, build power to defend the remaining jobs *before* they're threatened. The militants need to build a base, to take some of the heat off Norman--to transcend, as the labor anthem goes, "the feeble strength of one."

There are building blocks for a labor/community coalition: Jackie Yenna, president of the White River Central Labor Council and an assembly worker at GE, has a formal relationship with the local head of Jobs With Justice, and Norman has been talking with people from JWJ nationally and with GE militants elsewhere. There are bigger dreams of solidarity. "If the Mexicans are going to make our product, at least we ought to help them fight for the same benefits," says Abbott, who was just voted onto the local's executive board. "It's probably pie in the sky to say we could unionize them, but that's what I'd like to see. But, hell, first we've got to organize our own members." What will it take to match fire with fire at GE, not just in Bloomington but everywhere? Twenty years ago, Jack Welch openly articulated a strategy for taking the company to where it is today. The GE unions never developed a parallel strategy, and 100,000 lost jobs later, most of them still haven't shed their faith in what the AFL-CIO likes to call "high-road capitalism." During the 2000 national contract talks, Robert Thayer, the Machinists' representative on the CBC, was trying to convince the company to agree not to interfere in future unionization drives, arguing that "a contract is a partnership, not a hindrance." To which the company coolly asserted, "GE has never been neutral and doesn't intend to be neutral."

Now that Welch has said, "Ideally you'd have every plant you own on a barge," the Internationals are beginning to wake up to the fact that they need to be truly international, in orientation and method. For the first time the CBC is undertaking longer-range planning for internal education, outside alliances, international solidarity that goes beyond talk. Coordinated action might deter workers from undercutting one another, both at home and overseas; might develop tactical instruments for mutual aid; might, through public campaigns, strike at one of the company’s vulnerabilities: its obsession with the "GE brings good things to life" image. Last fall the IUE merged with the Communications Workers of America, one of the few unions with the resources and expressed desire to take on multinational capital. CWA vice president Larry Cohen says, "The next stage of industrial unionism is community-based unionism. We’ll build organizations among workers and our allies all over the country and even internationally. And wherever Welch lands his barge, we’ll be there to greet him."

It’s in places like Bloomington, though, that the long road to solidarity comes clearest into view. Mayor John Fernandez is probably right that the layoffs will not jolt the city financially; most of the workers live in small towns in surrounding counties, which will take the hard hit. In Linton, thirty-five miles southwest, a GE motors plant made refugees of 135 workers when it shut down in 1994. Some commute to Bloomington and will soon be on the move again. Amid Linton’s empty storefronts and struggling shops, a GE Appliances store sells Bloomington’s refrigerators and Louisville’s washer-dryers. The saleswoman’s husband had worked at GE; he now travels forty-five miles to a job in Terre Haute and refuses to allow any GE products in the house. Ruth Ann Vaught insists, "What we need is a coalition of all the GE unions--and all the unions everywhere in the world, actually--saying, ’This is labor; these are our jobs.’" But unions from Bloomington or Louisville or anywhere else didn’t surge to the side of the Linton workers, and for now Vaught and Norman and the rest of 2249’s smart, tough fighters will have to invent their own united front--in-plant, in-community, even cross-border. "This is not easy," says Jeff Crosby, who heads the North Shore Labor Council and IUE Local 201, representing GE workers in Lynn, Massachusetts. "We have to move from ’I am my brother’s keeper,’ to ’An injury to one is an injury to all,’ to ’Workers of the world, unite!’"

On the Editorial Pages on January 26, 2001

The Business of Business Isn’t Principally the Common Good

International Herald Tribune

by William Pfaff
DAUFUSKIE ISLAND, South Carolina - The Bush administration will meet its first congressional test from inside the Republican Party. Arizona’s Senator John McCain introduced his campaign finance reform bill on Monday.

"There’s one thing that people are unanimous about," Mr. McCain said in introducing his bill. "They want their government back."

However, his reform, if adopted, would only marginally reduce the influence of corporate wealth in American public life. Existing legislation and the role that television now plays in the U.S. system have created what amounts to a probably irremovable American plutocracy.

Doctrines of campaign impartiality, and requirements for the free broadcast discussion of public issues that date back to the Federal Communications Act of 1934, have been repealed or have been undermined by a Supreme Court ruling ratifying unlimited spending on partisan campaign advertising.

The existing legislation favors incumbents and pleases corporate lobbies. The Republican leadership would like to delay the bill as long as possible, in hopes that the reform effort will fade.

The leadership and the president want a provision attached limiting labor union electoral action. Business interests have been campaigning for a long time to block "labor bosses" from using union money to support the political campaigns of pro-labor candidates, on the grounds that union members are not individually consulted on this use of their money.

The political influence of the union movement today is more restricted than at any time since the Wagner Act of 1935, which first affirmed the right of labor to bargain collectively. Corporation stockholders are not individually consulted by "management bosses" on their use of corporate money. But that, as the Republicans say, is different.

Does it make any difference that America has fallen so completely under corporate influence? This may seem a reasonable question to younger Americans who have lived the "long boom" and argue that the country has prospered under the business-dominated policies of the Clinton administration and the Republican administrations that preceded it.

The response is that corporate influence is not limited to business or economic matters (and has not always been constructive even there).

Today there is highly publicized conflict between business and science over global warming and other environmental issues.

Corporations and the Republicans are at odds over boycotts and sanctions. Businessmen want business, not sanctions.

Aerospace executives want government weapons purchases and subsidies. Their industry thus promotes military solutions to foreign problems. It publicizes improbable foreign threats that require high-cost systems of defense, even when these measures would undermine arms control agreements and alliance relationships.

Basic political principle says that one powerful interest group should not control the major decisions of a country. The normal and proper aim of the corporate community is to make money for its managers and for the owners of business. All the better if its members also contribute to the general prosperity. However, business acts on the prevailing business philosophy, which claims that corporate self-interest eventually produces the general interest.

This comfortable belief rests on misinterpretation of the theory of market rationality proposed by Adam Smith.
He would have found the market primitivism of the current day unrecognizable. He saw the necessity for public intervention to create or sustain the public interest, and took for granted the existence of a government responsible to the community as a whole, providing the structure within which the economy functions.

Classical political thought says that the purpose of government is to do justice for its citizens. Part of this obligation is to foster conditions in which wealth is produced. The obligation is not met by substituting the wealth-producer for the government.

Business looks after the interests of businessmen and corporation stockholders. Stark and selfish self-interest obviously is not what motivates most American businessmen and -women, but it is the doctrine of the contemporary corporation and of the modern American business school.

It does not automatically serve the general interest, as any 18th century rationalist would acknowledge - or any 21st century realist.

Abortion reality at odds with directive

Newsday

By Marie Cocco

A remarkable thing happened during the eight years in which the United States was led by a president who unashamedly endorsed abortion rights: The abortion rate dropped dramatically. It is not at all likely that our new president, George W. Bush, can figure out what to make of this. In any case, he will not let the facts get in the way of his politics.

Bush used his first day of work in the Oval Office to stroke the anti-abortion activists who turned up in Washington, as usual, to mark the anniversary of the 1973 Supreme Court decision that legalized abortion. He was cowardly, like his father before him, and declined to address the protesters in person.

The cameras would be there to record the scene and so Bush's abortion position-he is ardently opposed and wants to outlaw it-would not be so easy to fudge. Anyway, he sent his message to the protesters through the fervent Rep. Chris Smith, R-N.J.

But what he did was more powerful than what he said. Bush re-imposed a gag rule that prohibits international aid groups that receive U.S. funds from using their own private money to perform abortions or even speak out in favor of them being safe and legal.

"It is my conviction that taxpayer funds should not be used to pay for abortions or advocate or actively promote abortion, either here or abroad," Bush said in a statement. In fact, no American funds are used for abortion overseas- not to perform them and not to promote them. They never have been, not since a 1973 ban.

Still, the people who want to keep women in Africa and Latin America and Asia from having access to safe abortion insist that curbing free speech will curb abortion. The facts, those nagging facts, tell a different story.

Since 1985, the first year after Ronald Reagan's "Mexico City" gag rule barring funds from groups that lobby for legal abortion abroad went into effect (this is the rule Bush re-instated), there has been a worldwide trend toward liberalization of abortion laws. Poland and El Salvador have tightened restrictions. About 10 times as many nations have gone in the other direction.

In every corner of the globe, on continents where rural women end pregnancy with ancient rites of sisterhood and on continents where abortion is as private-and as safe-as taking a pill, abortion rights have expanded, not contracted. And here is what has happened around the world as abortions have become more legal, more safe and more acceptable: Fewer women are having them.

It is another inconvenient fact, but there it is. Women around the world aren't having more abortions just because abortion is more available. They are having fewer abortions, mostly, public health officials say, because they are using better birth control and using it more regularly. The decline in the abortion rate in Western Europe also came at the same time mifepristone, the abortion pill Bush opposes, became available. The abortion pill did not increase abortions, as Bush claims.

And it is not unsafe. For a dozen years it has been used without side effects any more devastating than cramps and nausea. Still, Bush's choice for Health and Human Services secretary, Tommy Thompson, said he intends to review the FDA's recent approval of the drug for use in the United States. "The safety of it, as I understand it, is in question," he testified on Capitol Hill.

Thompson could not, however, name any specific risks that concern him.

Reality is often hard to reconcile with political rhetoric. The gap is cavernous when it comes to abortion, and it always has been.

For years we have been told that if only abortion were restricted as much as possible, in as many ways imaginable, it would surely decline. Now it has declined, under policies the opposite of those the anti-abortion protesters picket and shout and march to demand.

The world's women have risen above this incendiary conflict and made a separate peace. They have chosen to take control of their lives and to change their own governments. They have taken advantage of advances in birth control, and public health generally, to claim their bodies for themselves. But this does not dim the zealotry of the anti-abortion forces. Because this has always been their greatest fear.