The Hightower LOWDOWN
■ Edited by Jim Hightower and Phillip Frazer ■ Vol. 8 No. 1 ■ January 2006

## DON'T PREACH, MINISTER!

All the pundits and consultants are unanimous these days about what Democratic party candidates must do to gain political favor: emulate Republicans by wearing religion (specifically, Christianity) on their sleeves.

But as usual, the pundits and consultants are wrong.

Yes, professing one's heartfelt spiritual beliefs can be a positive thing to share with voters, and Democrats will be on particularly strong turf by expressing their political vision and goals in terms of Jesus's own values of economic and social justice. But it's totally wrong to think that faith talk and photo-ops with evangelicals will be enough to convert people to the Democratic cause. Such quick-fix thinking misunderstands what goes on inside those megachurches that are home to millions of evangelical Christians—including millions of lower-income working-class folks who logically should be Democrats. While the pundits and consultants focus on the preaching inside such churches, the congregations themselves are filled with people who go because of the ministering that the churches provide.

Many of the megachurches offer a community that not only says "We care," but also vital services, including child care, legal help, job searches, housing assistance, dental work, and language classes. Labor unions used to fill this social void, as did many of the Democratic party's big-city political machines of old delivering real service and earning true loyalty in return. The Democratic party should quit preaching and get back to ministering.

## BEHIND "DUKE'S" TEARS

By now, nearly everyone has heard the saga of Randy "Duke" Cunningham, the powerful Republican Congress critter who has tearfully confessed to taking

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Forget that old line about "What's good for GM is good for America"

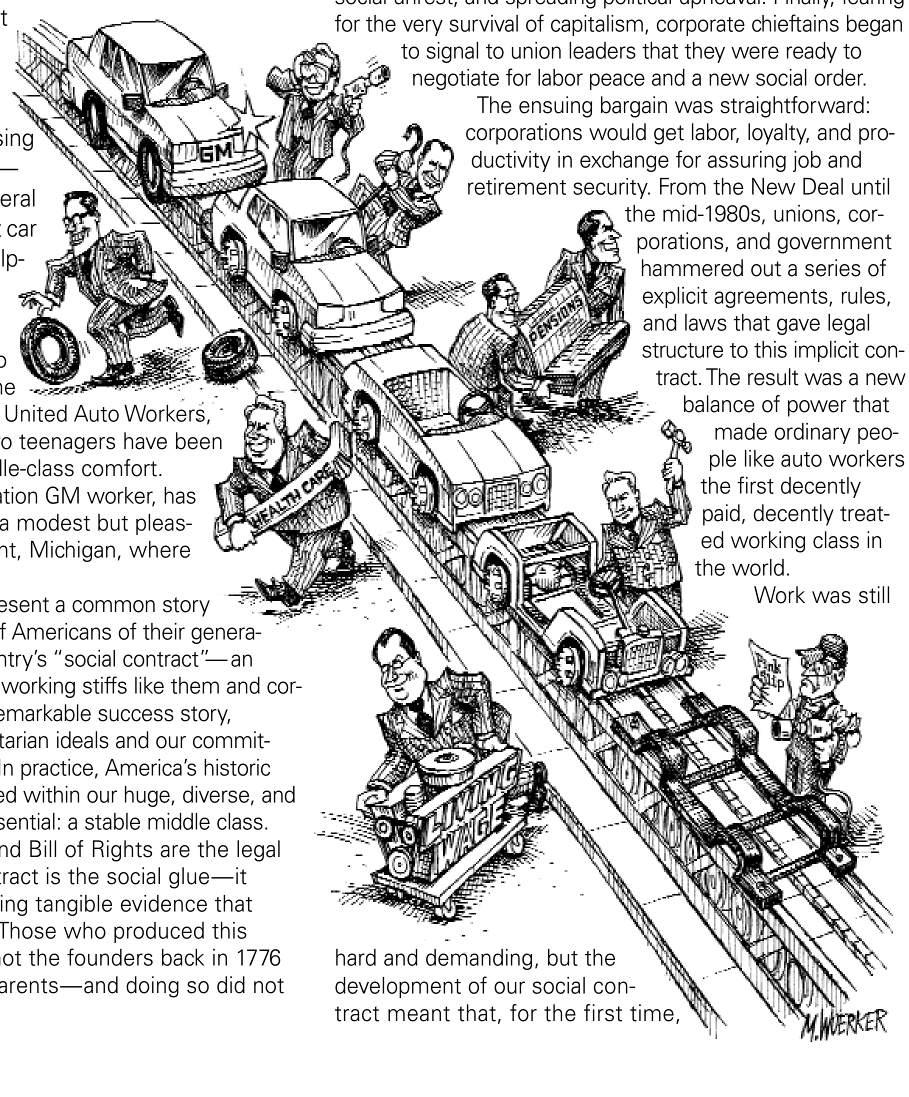
# How the social glue of America is being dissolved

People like Robert Paulk and Jerry Roy are the heart of corporations like General Motors. Paulk, 58, and Roy, 49, are longtime, highly skilled, hourly employees who've been working-class proud of being part of GM. Over the years, they've known their share of the **hard labor**, heavy lifting, and stress that come with being an auto worker, but they've stayed loyal, taken great pride in their work, and kept increasing their skills and productivity—doing their part to help General Motors become the largest car seller in the world… and helping GM's investors pocket years of profits.

The job has been good to Paulk and Roy, too. Under the contracts negotiated by the United Auto Workers, Paulk, his wife, and their two teenagers have been able to enjoy a slice of middle-class comfort. Likewise, Roy, a third-generation GM worker, has done well enough to afford a modest but pleasant house on a lake near Flint, Michigan, where his job is.

The Paulks and Roys represent a common story that can be told by millions of Americans of their generation. It's the story of our country's "social contract"—an implicit agreement between working stiffs like them and corporations like GM. This is a remarkable success story, embodying our nation's egalitarian ideals and our commitment to the common good. In practice, America's historic social contract has established within our huge, diverse, and fragile society something essential: a stable middle class.

While the Constitution and Bill of Rights are the legal glue of our nation, this contract is the social glue—it binds us as one people, giving tangible evidence that "we're all in this together." Those who produced this democratic advance were not the founders back in 1776 but our parents and grandparents—and doing so did not come easily for them.




In the 1920s and '30s, working families in industry after industry openly rebelled against the rampant corporate greed, workplace abuses, and political corruption of the day. As they organized, marched, and held sit-ins and strikes, they were bludgeoned, shot at, and often killed by corporate bosses, Pinkerton goons, police, and even the National Guard. It was a hellacious period of bloody labor war, deep social unrest, and spreading political upheaval. Finally, fearing for the very survival of capitalism, corporate chieftains began to signal to union leaders that they were ready to negotiate for labor peace and a new social order.

The ensuing bargain was straightforward: corporations would get labor, loyalty, and productivity in exchange for assuring job and retirement security. From the New Deal until the mid-1980s, unions, corporations, and government hammered out a series of explicit agreements, rules, and laws that gave legal structure to this implicit contract. The result was a new balance of power that made ordinary people like auto workers the first decently paid, decently treated working class in the world.

Work was still hard and demanding, but the development of our social contract meant that, for the first time,

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at least $2.4 million in bribes to funnel untold millions of our tax dollars into the coffers of Pentagon contractors. Duke's fall made a spectacular sob story for the media—but it would be a more riveting drama if the media had probed beyond the tears.

Duke was a member of the elite subcommittee that doles out tens of billions of dollars a year to military contractors, including a super-secret "black budget" of $28 billion a year—black, as in darkness. This is a recipe for corruption, made worse because the workload of Pentagon auditors has increased dramatically since 9/11 but the number of auditors has been slashed by two thirds.

When the Pentagon was asked about this secretive process, a spokeswoman said it would be "inappropriate" to comment. Well, excuse us for prying...but we taxpayers foot the bills! What's inappropriate is that a hidden system allows Congress critters and corporations to self-deal with our money.

## HOW ABRAMOFF WORKED CONGRESS

Jack Abramoff is a fellow much like you and me—except that he's a multimillion-dollar lobbyist with tight ties to the Bushites, Tom DeLay, and other top Republican leaders. Hear this man's story, though, and learn a lesson in civics.

Jack represented two Indian tribes in Louisiana and Mississippi that ran profitable gambling casinos on their tribal land. Then a third tribe entered the picture and asked the Interior Department to okay another casino, which would cut into the profits of the first two tribes. Jack appealed to Congress for help, and he was delighted to find that all 33 members he approached promptly wrote letters to the interior secretary calling for rejection of the third tribe's application.

Here's your lesson: Jack Abramoff put a little sweetener in his request for congressional help. Either his

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tens of millions could find the American dream within their reach. By no means would you be a millionaire, but you could buy a modest home, have health care for your family, take a vacation, and not have to fear retirement—in other words, have the work ethic fairly rewarded. Such a contract also enabled working folks like Paulk and Roy to feel positive about America's commitment to the common good, to pride themselves as being a valued part of the economy and the larger community, and to have hope for the next generation.

Such feelings are more than touchy-feely niceties—they determine whether people support the social order. **This is why the feelings of workaday folks like Paulk and Roy are a crucial baromenter of America's well-being, and why today's corporate and political elite had better begin tuning in to them** "We're all worried. Everybody is worried," Paulk says of GM's workers. "There are a lot of people that are really mad. They think this is the thing that revolutions are made of."

## The thing

What has the majority of America's working families worried, angry, and in a mood to revolt is that the Powers That Be have unilaterally decided to walk away from the social contract, and in so doing, to kiss off our country's middle class. The evidence of **their abandonment** is everywhere:

- **Cut-backs, take-backs, and downsizings** have become routine corporate practice, even in a time of soaring corporate profits.
- **Wages have been deliberately depressed** (now not even keeping up with inflation), while workers have dramatically increased the productivity, profitability, and competitiveness of their corporations.
- **While CEOs slash wages**, cut health care, and eliminate pensions for workers, they wallow in extravagant pay packages for themselves, get Cadillac health coverage for life, and grab rich pensions they haven't earned.
- **Not only are most manufacturing corporations** shifting their investments and middle-class jobs offshore (mostly to China), but the high-tech industry is also abandoning the American middle class, shifting even its professional work to low-paid countries (mostly to India).
- **Corporate money** has bought the White House and Congress (including too many money-soaked Democrats), so Washington has been aggressively dismantling the framework of rules and laws that allowed labor to achieve some fairness in the workplace.
- **The courts and regulatory agencies** have been stacked with former corporate minions who are consistently ruling against worker rights and protections.
- **Wall Street's powerhouse investors** are now demanding that every corporation and the overall American economy be organized on the low-wage, no-benefit, anti-union model of Wal-Mart.
- **The media establishment** (itself corporate) has obligingly adopted the corporate spin that the day of unionism is long gone, that workers must learn to accept insecurity and a lowered lifestyle, that the social contract is simply too much of a burden on corporations and governments in this age of global competitiveness, and that, for success, tomorrow's workers "must take on the responsibility" to identify and acquire—"on their own"—"the emerging skill sets" that will be "valued in the marketplace" (believe it or not, this glob of gobbledygook actually came out to the mouth of an IBM executive, quoted approvingly in the *New York Times*).

## What's good for GM...

The middle class is not simply "vanishing" (as some well-paid scribes of the establishment media so blithely put it)—the middle class is being vanquished! The auto industry, for example, which once took pride in its workforce and in being America's economic engine for a shared prosperity, has now launched a particularly gruesome assault. Late last year, just before the holidays, General Motors (whose president once famously declared that what's good for GM is good for America) announced that it was closing 12 of its U.S. plants, eliminating 30,000 hourly jobs, and whacking a billion dollars a year out of the health-care benefits it owes to its blue-collar workers and retirees. Two weeks later, GM announced that it was going to triple the number of cars it makes in low-wage India.

At about the same time, Delphi Corporation went even farther. A division within GM until it was spun off in 1999, Delphi is the nation's largest supplier of dashboards, brakes, doors, power trains, and other components assembled by auto companies, hauling in more than $28 billion a year in sales. It announced last October that it plans to close some of its 31 U.S. plants, terminate its heath-care plan and life-insurance coverage for blue-collar retirees, reduce pension payments, and—get this—force its 34,000 hourly workers to take a *two-thirds cut in their wages*. Skilled workers there, who make as high as $30 an hour, would be knocked down to as low as $10 an hour.

Asserting that the middle-class wages and benefits earned by auto workers are unaffordable luxuries these days, millionaire executives have begun the Wal-Martization of auto-making. This is not just another industry, and the severing of the social contract by GM and Delphi is

# Do something!

**Information and Agitation:** Labor organizations are at the forefront of the fight to restore and extend America's social contract. The key to winning this fight is to reinstate the right of working people to organize and join labor unions—a right that politicians and corporate leaders hail in other countries but have worked zealously (and often stealthily) to undermine here at home. To learn more and to connect to citizen actions, contact these excellent groups:

- **American Rights at Work**
  1100 17th Street, NW, Suite 950
  Washington, DC 20036
  202-822-2177
  www.americanrightsatwork.org
- **AFL-CIO**
  815 16th Street, NW
  Washington, DC 20006
  www.aflcio.org
- **Change to Win Federation**
  www.changetowin.org
  address and phone number to come

not just another in a long string of corporate downsizings. This is one of our nation's premier industries, a symbol of America's economic vitality and can-do spirit, and a pacesetter for our entire economy.

In 1914, only a year after he opened his first assembly line, Henry Ford stunned the manufacturing world by more than doubling the hourly wage of workers on the line. At $5 a day, he explained, they could afford to buy a Ford. Moreover, James Couzens, Ford's corporate treasurer at the time and the man credited with the $5-a-day idea, said: "We want those who have helped us to produce this great institution and are helping to maintain it to share our prosperity."

Ninety-one years later, the managerial heirs to Ford and Couzens are disowning any corporate commitment to shared prosperity as they arbitrarily abrogate the good-faith contracts negotiated with auto workers. Today's industry executives are cutting off the top rungs of America's middle-class ladder, lowering the best-paid jobs to a level where employees will no longer have the income to buy the products they make.

In the name of "competitiveness" with third-world countries, these executives are creating a poorer, less secure—and angry— working class in our country, stealing the American Dream from millions of people. Their actions raise a number of Big Questions for the future of our society:

**Around what shall we gather?** Learning from early childhood the importance of fairness and sharing is central to our becoming social beings. Indeed, these were the basic values behind the social contract, which pledged that loyalty, productivity, cooperation, and quality work would be fairly rewarded. But these values are nowhere in sight when GM dumps 30,000 loyal workers whose productivity record, according to the very CEO who did the dumping, "has been dramatic," doubling in the past 10 years. These values are also absent when GM shuts down 12 facilities, including two that were ranked among the industry's best in quality and a third at GM's Tennessee Saturn plant, renowned as a model of labor-management cooperation.

GM has now emphatically declared that those virtues are no longer to be honored. If our society can no longer gather around the shared economic values of loyalty, productivity, cooperation, quality, and fairness…then, what? The only answer being offered by the elites is "Survival of the strongest"—but that's the law of the jungle, not a social ethic.

**Why shouldn't workers be well paid?** The CEOs (and the compliant media) keep hammering auto workers as the "aristocrats" of labor, claiming that their wages and benefits are excessive and must be slashed so that U.S. auto corporations can become competitive again. A *New York Times* reporter, in a tone of tongue-clucking criticism, noted that GM's American employees are

## Separating us from them

Meet Robert Miller, one of the top shredders of America?s social contract. A 'corporate turnaround specialist,' he was brought in as CEO of Delphi last July in the wake of an accounting scandal that involved various top executives and has hobbled the company.

Miller's plan: slash the wages and benefits of those on the line, terminate health care for retirees, and move more of Delphi?s work offshore. Everyone must sacrifice, he told the workers, to make Delphi competitive.

After only three months at the helm, Miller announced his plan: slash the wages and benefits of those on the line, terminate health care for retirees, and move more of Delphi's work offshore. Everyone must sacrifice, he told the workers, to make Delphi competitive.

Everyone? Workers soon learned that only one day before announcing his austerity plan, Miller had quietly instituted a special $110-million bonus package for the 21 top executives working under him! This was on top of their regular salaries, mind you. Especially infuriating to the rank and file is that 14 of the select executives had been complicitous in the accounting fraud.

There was such a public blow-up over this gob of corporate greed that, a week later, Miller made another announcement: he and the other execs now wanted to share the workers' pain. Delphi's number two honcho would take a 20% cut in salary, and the other 20 executives were taking a 10% cut. How munificent. Workers were hardly impressed, noting that these bosses were trying to impose a wage cut of more than 60% on them—and were still in line to get those bonuses!

Miller tried to deflect criticism of himself by pointing out that he was never included in the bonus plan. Also, he declared that he was magnanimously reducing his salary to $1 a year. Grabbing the mantle of working-class hero, Miller then said woefully, "I can be fired tomorrow with no severance, no pension, no bonus, not even a ticket home."

Yes, but before we all join Bob in a chorus of "Solidarity Forever," notice that he is sitting on the soft cushion of a $3 million signing bonus he got when he joined Delphi six months ago. He says he has no intention of giving that up.



The LOWDOWN

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lobbying firm or his clients donated more than $830,000 to the 33 Congress critters within days of their intervention on his behalf. House Speaker Dennis Hastert pocketed $103,000 from Jack and his two casino clients. Also, Democratic leader Harry Reid sent his letter off, and, amazingly, the very next day, one of Jack's tribal clients issued a check to Reid's political fund. Reid ultimately received more than $66,000.

See? If you want Congress to be responsive to your needs, it's all in the way you ask.

### PESTICIDE TESTING ON KIDS

You know about the Environmental Protection Agency—but do you know Bush's EPA?.

After these so-called environmental and health protectors were caught supporting industry tests in which children were intentionally dosed with pesticides, Congress mandated (in August) that the agency issue a rule permanently banning such tests, without exception.

In September, EPA issued its proposed rule, hailing it as "a landmark regulation on human studies." Beyond this flowery declaration, however, EPA's proposal has 30 pages of fine print that viciously guts those very principles by giving the pesticide corporations exceptions to the supposed prohibition.

Get ready to puke, for these are some of the exceptions:

- Neglected or abused infants can be subjected to pesticide tests without the consent of parents or guardians.
- Mentally handicapped and orphaned infants may be used for tests for the sake of research.
- EPA will accept industry pesticide tests done on children outside the U.S., including in countries with minimal or no ethical standards.

For more, call the Organic Consumers Association at 218-228-4164.

earning far more than auto workers "in countries like Mexico and China." Well, gosh—*I would hope so*!

Isn't getting ahead part of the American ethic? What's wrong with a blue-collar factory worker making $30,000 or even $60,000 a year plus health care and a good pension? That's success—for the workers and for America—and it ought to be held up as a model for a well-run economy, not a target of derision. Oh, by the way, how ludicrous is it for the pay of middle-class workers to be attacked by CEOs hauling away millions of dollars each and living in platinum cocoons?

**What about the abject failures in the Executive Suite?** Top **management** has become highly creative at blaming, reducing, and stealing from its workforce. If management put a tenth of that creativity into designing cars that the buying public might actually want, there would be no need for the massive cutbacks we're getting. Contrast Detroit's performance with the competition. Toyota, for example, makes cars here in America, paying wages and benefits comparable to Detroit's. But its high-quality, good-mileage, reliable cars are selling—American consumers are snapping up Toyotas faster than the company roll them out. Far from cutting back, Toyota and other foreign competitors are opening new plants in America, while the geniuses running GM are trying to shrink their way to prosperity.

U.S. auto chieftains do not keep up with market demands **or** design quality cars. **Instead, they** run top-heavy corporate structures, engage in fraud (much of Delphi's present financial troubles come from its three-year, Enronish accounting scandal that cost investors more than $1 billion), launch new "turnaround" schemes every few months, rely on money-losing discounts to move inventory, and dump money into silly advertising campaigns to try to cover up their production failures. Then, with revenues down, they demand more cutbacks for the blue-collar workers while merrily giving everyone in the executive suite promotions and raises.

**Doesn't this cry out for a National Health-Care Program?** A constant refrain from the auto companies is that the soaring cost of health care is crushing their bottom line. For example, GM honchos wail loudly that covering their autoworkers and retirees adds $1,500 to the cost of each car. The only answer, they say, is to slash or even eliminate this protection for working families.

But wait—before our country callously agrees to yank the health-care rug out from under the middle class, let's consider fundamentally reforming our bloated, bureaucratic, exorbitantly expensive, inadequate and unjust health-care system. Again, check the competition: Japan has a national health program that doesn't leave its population dependent on whether an employer wants to or can afford to cover employees. No matter what their job is (or if they even have a job), the Japanese people have the security of health coverage. Thus Toyota's workers enjoy health care without the cost being added to the price of the cars they make.

With a national health program for America, not only would GM improve its competitiveness by some $1,500 per car, but our nation would also be made stronger by replacing the inefficiencies and greed of the massive corporate structure (insurance giants, HMOs, drug peddlers, etc.) separating us patients from our doctors. America spends far more per person on health care than do Japan and other countries with a national plan—and they get superior care. It's time for the auto bosses to show leadership. Rather than retreating on the social contract, they should use their political and media clout to advance a national health-care program that'll truly be good for the country…and for General Motors.

## A dangerous betrayal

Today's corporate leadership is playing with fire. The elites are so focused on enriching themselves—knocking down the workaday majority's wages and benefits **in order to** grab more of the nation's wealth, for example, and getting Bush to keep piling on the tax giveaways for the rich at the expense of everyone else—that they have become blind to the looming threat that their avarice poses to the social order… and to their own well-being.

Until recently, the Wal-Mart model has been taking advantage of low-skilled, low-income workers, but moving that model upward to autos, steel, high-tech, and other industries ensnares highly skilled, middle-income workers. There's a big difference between holding people down and knocking them down. Middle-class working families are people who've had a slice of the American pie—and for them to be told now that their slice will be taken from them and their children is not merely to shred the social contract and throw it in their faces, but to dissolve the social glue that holds our big, sprawling, brawling, country together.

It's the betrayal of the middle class. And, as Robert Paulk put it, "This is the thing that revolutions are made of." The elites who are so smugly dismissing middle-class wages and benefits as "excessive" will not be able to build walls and gates high enough to stem the tide of anger coming at them.

## HALLIBURTON'S "TCNS"

Is any low too low for Halliburton?

This giant government contractor with tentacles running straight into the White House has previously been caught overcharging U.S. taxpayers and short-changing U.S. troops for its work in Iraq. But now we learn that Halliburton has been profiting in Iraq by mistreating foreign workers. By "foreign," I don't mean Iraqis. Even though thousands of folks there are desperate for jobs, Halliburton has brought thousands of laborers from southern India, Thailand, and the Philippines to work in U.S. bases as cooks, electricians, launderers, custodians, etc. They are mostly 20-somethings, powerless...and exploited.

When recruited, most have no idea they are headed for a war zone. Once there, they are branded as TCNs—Third Country Nationals—which is both a derogatory term and an assurance of third-class treatment at best. They are paid a fraction of what other Halliburton workers get, and their meager paychecks are often several months behind, keeping them in debt and in place. They work 12-hour days and are allowed only one day a month off—without pay.

The TCNs are housed in cramped trailers jammed end-to-end with bunk beds. They're not allowed to eat with the Americans, nor do they get to eat the same food—theirs is shipped in, cold and tasteless. They cannot use phones or the recreation facility. Even though their bases regularly come under attack, TCNs are issued no body armor or helmets.

It's bad enough that Halliburton is doing this at all, but it's far worse that these actions are taking place under our flag and in our name. What must Iraqis and Asians think as they watch how one of our country's most-favored corporations treats workers who are nonwhite and poor?

For more: www.corpwatch,org

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