

the yankee radical

(617) 354-5078

September, 2008

Break A Leg Jimmy Higgins!

This year, in place of our usual Debs-Thomas-Bernstein Award, Boston Democratic Socialists of America is pleased to present the Boston premiere of a new play, *Jimmy Higgins: A Life in the Labor Movement*. Written and performed by **Harlan Baker**, a former five-term State Representative from Portland, ME and long-time labor activist, the play will take place at **UNITE HERE, 5TH floor, 33 Harrison Ave., Boston, on Saturday, October 4, at 4:00 P.M.** Tickets are **\$25**. The play will be followed by a wine and cheese reception with the author/actor..

This event is sponsored by the **Massachusetts AFL-CIO**. Proceeds will benefit the work of the **Boston DSA**.

The play is set on the eve of the 1960 Presidential race, where labor activist "Jimmy Higgins" (for generations the name of rank and file trade union and socialist activists) is being interviewed by a college reporter about his long life. He recounts his meetings with Gene Debs and other radicals opposed to American participation in World War I, his experience in the 1924 union-backed "Fighting Bob" LaFollette Presidential campaign, and his adventures as a labor reporter covering organizing drives of tenant farmers and auto workers in the 1930s.

Jimmy Higgins initial staging last June was sponsored by the Southern Maine Labor Council and SEIU Local 1989. It

received an excellent review from the Portland Phoenix theatre critic, who compared it to the classic John Dos Passos *USA* trilogy.

Author and performer Harlan Baker shares some of the union heritage he writes about—he formerly worked in Boston for the Amalgamated Clothing Workers (a forerunner of UNITE), and is currently Vice President of Local 4593 of the American Federation of Teachers as well as a member of Actors Equity (he's does Shakespeare!) and DSA. During his time in the Maine legislature from 1979 to 1988 he sponsored legislation for worker owned cooperatives, a State-owned bank, and divestment from South Africa.

Our local labor movement has been active in a number of recent struggles, from the breakthrough contract that IBEW and CWA have just won from Verizon, to the ongoing organizing of Boston cab drivers with the Steelworkers, to the Nurses resisting the give-back demands at the Boston Medical Center—not to mention efforts to install a more labor-friendly Administration in Washington this November while fighting off Referendum Question 1 here in Massachusetts.

But this play can be an occasion to learn some U.S. labor and radical history—and really ENJOY ourselves! With the 4:00 show time, even if you choose to stick around for the reception afterwards, the event will be over in plenty of time for you to do whatever

else you might want to do in Boston on Saturday night. So let's see you all on October 4!

For more information including sponsorships and program book ads, see page 2

DSA Members Meetings

WHEN: Sunday, September 21
2:00 P.M.

WHERE: 12 Enfield St.
Jamaica Plain

MBTA: Stony Brook Stop

Join us at the home of Margie Rosenthal for an informal DSA members meeting followed by our usual food, drink, socializing. We'll be hearing from a representative of the No On One campaign to organize against this November ballot question that would devastate the state budget (see page 9). We'll also review the priority Mass Alliance endorsed State House candidates—at least those who survived the primaries—as well as the Presidential campaign and Obama mobilization efforts. Not to mention our Re-Negotiate NAFTA Petition, next months anti-war rally, or anything else you want to talk about. For directions, email Margie at mrosenthal@salemstate.edu or 617-524-2127.

SHORT TAKES



A Trade Deal We Can Support!

—Memo from Global Trade Watch

After years of fighting against expansion of the failed NAFTA/WTO model, we're thrilled to announce a new trade bill we can all be for.

The **Trade Reform, Accountability, Development and Employment (TRADE) Act**, cosponsored by fair trade champions Sen. Sherrod Brown (D-Ohio) and Rep. Mike Michaud (D-Maine), was introduced June 4 with over 50 House and Senate original cosponsors! This landmark legislation sets forth a detailed progressive vision for good trade agreements in the future and criteria to renegotiate existing failed pacts like NAFTA and the WTO.

Fifteen years of the NAFTA/WTO model has led to massive job loss, downward pressure on wages and the loss of nearly 300,000 family farms. It's given broad, expansive new rights to foreign corporations to challenge our environmental and public health standards and flooded the U.S. with unsafe imported food and products. And it has devastated developing nations, where millions of family farmers have been forced off their land, and where poverty, despair and desperation-driven mass migrations have grown.

The TRADE Act lays out in detail a new path forward for U.S. trade policy to achieve societal goals such as good jobs, safe food and promotion of basic human

rights, healthy communities and environmental protection.

This is legislation about which progressive trade activists can finally say **yes, yes, yes!**

Please take action today and ask your representative to sign the TRADE Act and to replace the NAFTA/WTO model once and for all. http://action.citizen.org/campaign.jsp?campaign_KEY=24836

(National DSA has initiated a petition campaign to re-negotiate NAFTA))

Mass Care Update

It's increasingly apparent that something has got to give with respect to health care. Either those without money have to be persuaded that health care is not something to which they have a right, or insurance and other medical profit interests have to be beaten back. The annual rise in health-care costs is forcing this policy collision.

In Europe the demand side for health care is much stronger than in the U.S., says the well-known U.S. health economist Uwe Reinhardt. It ranges from the monopoly power of the single-payer systems able to dictate prices, to quasi-market arrangements like Germany's, wherein associations of doctors, hospitals, and insurers negotiate prices. In the U.S., by contrast, Reinhardt says "all policy is consciously geared to keep the demand side splintered and weak. The supply side will go along with anything you propose. But the minute you propose really strengthening the demand side, the supply side springs into action. And they

happen to be the largest shareholders of the U. S. Congress. They ultimately can dictate prices to us. In California, for example, I asked for some appendectomy prices. They ranged anywhere from \$800 to \$13,000. It's whatever they can get away with."

Reinhardt has become well-known for his pessimism, but other observers see tremendous power building behind the refusal of the mass of Americans simply to kiss health care goodbye. The Mass. Campaign for Single Payer Health Care (Mass-Care, www.masscare.org) has been working for legislation to confront supply side dictates with respect to costs. Mass-Care sees such legislation as embodying a single-payer logic, as well as strengthening ties with potential legislative allies. It supports bills that try to control costs through uniform billing, bulk buying of prescription drugs, and a cap on the amount of money insurance companies can take out of each dollar for "overhead"—things like administration, CEO salaries, profit, and advertising.

The legislature has now passed uniform health-care billing. The bulk buying of prescription drugs and the cap on overhead—Senator Pat Jehlen's "care-share" bill—have not passed this session. But, powered by the health care cost crunch, prospects seem favorable for the future.

Vic Bloomberg is Boston DSA's representative to Mass Care.

...Count me in for Jimmy Higgins on October 4!

Please reserve ____ tickets at \$25 each for the October 4th performance

Please list me as a:

supporter at \$50 (includes one ticket and listing in program)

patron at \$100 (includes two tickets and program listing)

benefactor at \$175 (includes four tickets and program listing)

I'd like to place a greeting in the program (photo-ready copy for ad enclosed):

back cover (only one—first come, first served) \$350

full page (5½x8½) \$250 ½ page (4¼x5½) \$250

½ page (4¼x5½) \$ 150

¼ page (4¼x2¾) \$ 75

Name _____

Address _____

City/State _____

Zip code _____

Return in the enclosed envelope to Boston Jimmy Higgins Committee, P.O. Box 51356, Boston MA 02205. For more information call 617 354-5078.

*Ad copy can also be mailed to
yankeeradical@dsaboston.org*

Labor and Obama



By Steve Early

Around the country, many union-sponsored Labor Day events had a political focus this year—namely, electing a new president who supports workplace organizing and collective bargaining.

Republican John McCain is against strengthening workers' rights under the National Labor Relations Act (NLRA). Democrat Barack Obama says that, "if a majority of workers want a union, they should get a union. It's that simple."

Unfortunately, for many years it has not been that simple because the 73-year old NLRA—once hailed as labor's "Magna Carta"—has become toothless and nearly useless. When workers in private industry try to organize, many employers use threats, harassment, and retaliatory firings to disrupt these efforts. Even when later prosecuted, management unfair labor practices create a climate of fear and intimidation that makes unionization impossible.

In 1935, the New Deal administration of Franklin D. Roosevelt persuaded Congress to establish a National Labor Relations Board (NLRB) to conduct workplace votes on whether millions of workers wanted to be represented by a union. In the late 1930s, 1940s, and 50s most did—resulting in the greatest union growth in the history of our country. During that period, the federal government actively encouraged collective bargaining as a way to raise living standards and reduce labor unrest.

Since then, however, it's been all down hill for workers. Their legal protections have been undermined by Republican appointees to the NLRB and weaknesses in the NLRA itself. The percentage of the U.S. workforce that's unionized today is only 7.5% in the private sector, and 12% percent overall. To reverse this decline, labor is now calling for a different method of establishing new union bargaining units, backed up by tougher penalties for bosses who violate the NLRA.

Legislation called the Employee Free Choice Act (EFCA)—which McCain opposes and Obama supports—will be introduced in Congress again, early next year.

EFCA would require employers to bargain with their employees when a majority of the latter sign union authorization cards, eliminating the procedural delays and opportunities for interference that exist with contested NLRB elections. Unions and employers unable to agree on a first contract would submit the dispute to binding arbitration. Workers fired for union organizing would be eligible for "treble damages"—three times their lost pay—rather than just back pay. And other serious unfair labor practices would be punishable by \$20,000 fines.

A majority of current U.S. House and Senate members are EFCA supporters. If Democrats gain additional Senate seats in November and Obama wins the White

House, labor law reform will have its first real chance of passage in thirty years. Unfortunately, some Democrats may waver when faced with anti-EFCA lobbying by Wal-Mart and other big non-union firms.

In 1977–78, President Jimmy Carter half-heartedly pushed for pro-worker amendments to the NLRA, only to see them killed in a business-backed Senate filibuster. Fourteen years later, Bill Clinton appointed a presidential commission to study labor law reform, thereby wasting the only two years during his presidency when Democrats controlled the House and Senate and could have introduced new legislation.

Will Obama be any different? A lot depends on what union members do between now and election day—and after Obama is elected, if his campaign succeeds. The AFL-CIO and its new rival, the Change to Win coalition, are both backing a "Million Member Mobilization," designed to highlight EFCA as a key worker issue. If Obama wins, he may try to avoid a knock-down, drag-out fight with corporate America during his first few months in office. Only grassroots pressure, now and then, can insure that this bout even occurs—and ends favorably for labor.

(Steve Early is a labor journalist, lawyer, and recently retired from the Communication Workers of America. This article was originally distributed by the Progressive Media Project.)



DSA E-Mail List

Those of you already on the DSA e-mail list received notice of our endorsed candidates even before your Yankee

Radical arrived. In between YRs, this is the best way to keep up with our activities. And given escalating printing and postal costs along with the state of our treasury, E-mail communication is likely to become even more important to

the functioning of Boston DSA than it is now. So, if we don't have it already, send your email address to

Webmaster@dsaboston.org.

STATE HOUSE ENDORSEMENTS

The candidates for the Massachusetts legislature listed below have been endorsed by the Mass Alliance, a coalition of unions, civil rights, environmental and community groups including Boston DSA. Those selected are mostly priorities for the September 16 primary election—all are Democrats. Our next issue will carry additional endorsements for November. Thanks to Alliance interns Madeline Schultz and Kathleen Keating for compiling most of these profiles.

One Alliance choice is not listed here---Senator Dianne Wilkerson (D-Boston), said to be in a close primary race with Sonia Chang-Diaz. After consultations with some of our members in the district, DSA has decided to make no endorsement



Willie Mae Allen
6th Suffolk District
www.williemaeallen.org
PH: 617-296-0821
85 Deering Road
Boston, MA 02126-1521

In her first House term, long-time community activist Willie Mae Allen has been a tireless advocate for schools and youth in her District, promoting the METCO program and sponsoring legislation to reduce gang violence.



Doug Belanger
2nd Worcester District
www.belangerforsenate.com
PH: 508-797-3684
370 Grafton Street
Worcester, MA 01604

Union organizer Doug Belanger has devoted much of his life to fighting for worker's rights. His top priority if elected to the Senate is to advocate for working families.



Jen Benson
37th Middlesex Dist.
www.jenbenson.org
PH: 978-582-7063
P.O. Box 202
Lunenburg, MA 01462

Jen Benson is running for the vacated house seat of Jaime Eldridge. A former stay-at-home mom, Jen decided she wants to run to bring state aid to the schools in her community. She was on the Lunenburg School Community for six years and will bring energy and enthusiasm to the State House.



Jim Cantwell
4th Plymouth District
www.JimCantwell.com
PH: 781-837-1960

Mr. Cantwell is a former Marshfield Town Selectman and assistant DA. His priorities if elected to the House are public safety, education, and the economy. If he gets past his 3 opponents in the primary, he wishes to follow in the footsteps of his predecessor, Frank Hynes, a long-time Rep who was a tireless advocate for single/payer health care.



Sue Chalifoux Zephir
4th Worcester District
www.suechalifouxzephir.com
PH: 978-534-7125

Committee to elect Sue Chalifoux Zephir
437 West Street, Leominster, MA 01453

Sue Chalifoux brings a strong history of community activism to her run for a House seat. She began a group that fought successfully to keep toxic chemicals out of the water system, founded a community organization to preserve open space, and led the fight to secure \$1.2 million to renovate and expand the Leominster Public Library.



Ken Donnelly
4th Middlesex District
www.DonnellyforSenate.com
PH: 781-648-2008

Ken Donnelly is a career firefighter with strong roots in the labor movement. Endorsed by the AFL-CIO and Progressive Democrats of MA, he is running for the State Senate to promote green energy and workers rights.



Lorie Ehrlich
8th Essex District
www.Loriehrlich.com
PH: 617-722-2090

Coming from a strong environmentalist background, Rep. Ehrlich worked in her first House term to close multi-state corporate tax loopholes to ease the tax burden on small Mass. businesses. Other issues include the environment, public parks, and public education.



Jamie Eldridge
Middlesex &
Worcester District
www.jamieeldridge.com
PH: 978-929-2975

After 5 years in the House, Rep. Eldridge is running to succeed retiring Sen. Pam Resor. A stalwart progressive, Jamie has a lifetime 96% voting record from the MA AFL-CIO and 93.4% from the environmentalist Audubon Society. He has worked on workplace retraining, a higher minimum wage, and creating more local businesses.

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MORE ENDORSEMENTS



Jen Flanagan
4th Worcester and
Middlesex District
www.JenFlanagan.com
PH: 978-343-2600

Rep. Flanagan is running for a Senate seat on Beacon Hill. Her priorities are regionalization, education including early childhood healthcare/education, and public transportation—in the House she secured funding for the Fitchburg community rail.



Sara Orozco
Norfolk, Bristol and
Middlesex Counties
www.saraorozco.com
PH: 781-444-7944

Sara Orozco, a first generation American is running against conservative Republican incumbent Scott Brown for his Senate seat. As an experienced psychologist, small-business owner and mother of two young boys, she is advocating for healthcare, environment, and education reform.

papers and faces a strong opponent in the September 16 primary.



David B. Sullivan
6th Bristol District

House incumbent David Sullivan is a social worker who has championed economic justice, greater access to health care, and higher education.



Jason Lewis
31st Middlesex
www.electjasonlewis.com
PH: 781-572-3045
Committee to Elect
Jason Lewis

P. O. Box 253, Winchester, MA 01890

A strong progressive, Jason Lewis brings experience in public service and non-profit organizing to his House race. Jason's priorities are: increase funding for public services and improve health care affordability and coverage.



Pam Richardson
6th Middlesex
www.pamrichardson.com
PH: 508-405-0968

In her one term in the House Pam Richardson has been a consistent supporter of marriage equality and the abortion buffer zone bill. She was also the lead sponsor of an amendment to strengthen the Rental Voucher Program, which subsidizes rent for low income families, and has sought to stabilize property taxes



LETTERS

Thanks?

Thank you for the Tom Gallagher review of *The Trouble With Diversity* in the May YR. Nice to see something that is almost socialist.

*Stephen Mott
Beverly*



Jim O'Donnell
22nd Middlesex
District
www.jm-odonnell.com
PH: 978-663-9965

Mr. O'Donnell is a member of the Billerica Board of Selectman for 14 years. His priorities if elected will be public education, special education reforms, and encouraging local businesses. Mr. O'Donnell also supports gay marriage and is pro-choice, whereas his opponent is not.



Carl Sciortino
State Representative
for Medford and
Somerville
www.electcarl.org
PH: 617-628-2008

Carl Sciortino is a progressive State Rep whose re-election is a priority for Boston DSA. Carl has been a strong advocate for social justice, civil rights and public health. In just two terms in the House, he has helped lead the fight for marriage equality, closing corporate tax loopholes, extending the abortion buffer zone and expanding the Green Line. He is being forced to run as a write-in candidate due to a problem with nomination

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Boston Workers Find New Paths to Rights and Respect

By Rand Wilson

A recent study by the U-Mass Donahue Institute documents how the gap between rich and poor has widened substantially in Massachusetts over the past two decades. It showed that only those earning the highest incomes benefited from gains in technology, productivity and globalization while working class earnings stagnated, and incomes for poor families plunged 15 percent (www.donahue.umassp.edu/publications/index).

Other studies have shown that union members are faring much better than most workers, even in the face of steep membership decline. That's because union contracts provide job security and protect members' wages and benefits from the worst excesses of corporate greed (www.aflcio.org/joinaunion/why/uniondifference).

With that obvious advantage, you'd think there would be a stampede by workers to form unions and gain the advantages of collective bargaining. Opinion polls show this would be true—except that employer opposition to workplace democracy is so vehement that it is very difficult for workers who want a union to get one. The labor laws passed 70 years ago to protect our basic freedoms of association are simply outdated.

The labor movement will go “all out” this fall to elect a Congress that will pass labor law reform and a new President who will sign it into law. But union leaders aren't just waiting for the new law to pass. They are using creative tactics and strategies to find ways to help workers gain collective bargaining rights without having to walk the gauntlet of employer threats and intimidation.

Below are four examples of how workers in the Boston area have found new paths to organization and the power of a voice at work.

Verizon Business techs began to

organize in late 2006 to win wages and working conditions comparable to their co-workers at Verizon Telecom who are already united in the IBEW and the CWA. Verizon Business (VZB) is a new subsidiary created after Verizon bought the remnants of MCI/WorldCom.

By March 2007, the techs had achieved a solid majority in New York and New England on union membership cards. But management interference was so aggressive that in two separate cases, the National Labor Relations Board (NLRB) issued formal complaints against VZB for violating federal labor laws by spying on workers, suppressing free speech in the workplace and issuing illegal warnings to union supporters.

Instead of going through a broken election procedure, the VZB techs sought an alternative route. CWA and IBEW enlisted elected officials in Massachusetts and New York to count the union cards, compare them to a roster of all eligible employees and verify if there was majority support.



VZB techs Mark Latham, John Ellia, Terry Skiest, Dave Rogol and Kevin Leppmann at Boston rally

In Massachusetts the union cards were counted by Sen. John Kerry, U.S. Reps. Stephen Lynch and John Tierney, and Lt. Governor Tim Murray. They verified that 67 percent of the eligible techs wanted to form a union with CWA and IBEW.

Predictably, management refused to recognize the card count. But the VZB techs didn't give up. They reached out to

other elected officials, Verizon union members, labor and community groups like Jobs with Justice, customers and the general public for support.

Two techs testified in Congress about how VZB management illustrated the need for the Employee Free Choice Act. Others spoke at political events and at union meetings. VZB techs traveled to two of the company's annual meetings to confront Verizon CEO Ivan Seidenberg and educate shareholders.

Most importantly, the techs built unity with thousands of Verizon union members who were preparing to bargain with Verizon East management for a new contract. When negotiations began, union leaders made it clear that no contract would be signed unless Verizon addressed the desire of Verizon Business workers to join the unions.

A pending arbitration case about VZB techs doing existing bargaining unit work gave the unions additional leverage. With just hours before a strike deadline at midnight on August 10, management finally agreed to fold about 600 VZB techs into the unions and allow them to benefit from the provisions of the new contract. Now that's bargaining to organize!

For more information about the technicians' organizing campaign, visit www.freechoiceatverizon.com or email rand@mindspring.com.

Security officers employed in downtown Boston and Cambridge formed a union with SEIU Local 615. It took three years of rallies, public education and militant actions to win an agreement that their employers would remain neutral and recognize their union if a majority signed union cards. This effort is part of a national “Stand for Security” campaign by SEIU to improve wages and working conditions for guards, most of whom make less than \$12 an hour with only skimpy benefits.

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To win recognition, Local 615 organizers built broad support with the guards for forming a union. SEIU also won strong backing from many community organizations by linking the security officers' objectives to the overall welfare of Boston's neighborhoods.

Coalition leaders argued that increasing wages would help low-income communities in Roxbury, Dorchester and Mattapan, where most of the security guards live. Local 615 estimated that a pay increase of \$.50 would add more than \$17 million a year to the economy of those communities.

Local 615 also used its relationship with major commercial landlords where service workers already had contracts to put additional pressure on the employers.

The campaign is continuing to hold Boston's large commercial building owners accountable to both invest in their workers and to invest in the neighborhoods where the workers live.

The guards are now in negotiations with top managers at Securitas, Allied Barton, Northeast Security and a few other big firms. They hope to win their first union contracts this fall, raising pay and benefit standards for all security officers. The campaign is also putting pressure on the remaining non-union security contractors, including Palladian, Apollo and USI to respect workers' rights. (Visit <http://standformasecurity.org> and <http://massclu.org>).

Personal care attendants (PCAs) in Massachusetts formed a union with 1199SEIU to fight for better wages, health benefits, paid time off and improved quality of care for their clients. About 22,000 home health assistants are hired to provide assistance that enables people with disabilities to continue to live in the community and at home. They are paid directly by the state's Medicaid program, Mass Health.

Current pay for the attendants is only \$10.84 an hour. PCAs receive no health care benefits, no paid sick days, no

vacation days, and no way to take a day off when a family member is ill or dies.

Working with client families and advocates for seniors and people with disabilities, the home care workers built broad support for having a collective voice on the job and the need to make significant improvements in home care services. The coalition helped pass a law last year that created the Quality Home Care Workforce Council (a new employer for the purposes of collective bargaining) and allowed health care workers to vote on union membership.



PCAs and consumers in Fall River, Mass.

The vote for unionizing passed overwhelmingly last fall. Union officials report that they are very close to reaching a first contract with the state that will provide significant improvements in pay, benefits and working conditions. (Visit <http://pcavoice.org>)



Boston cab drivers formed a new union with the United Steel Workers last year when hundreds of cabbies showed up to make their voices heard at work by joining the Boston Area Taxi Drivers Association. The cab drivers are classified as independent contractors and receive no unemployment, health care or worker's compensation coverage and are being increasingly squeezed by escalating gas prices.

Drivers report that the average Boston taxi driver who doesn't own a medallion has to make \$10 an hour just to break even, covering the \$7 to

lease a cab and \$3 for gas. This forces drivers to work long hours. Many work six 12-hour shifts a week.

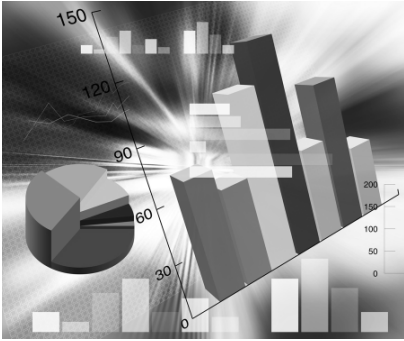
Because the drivers are considered independent contractors and not employees, they cannot join a union and collectively bargain under the National Labor Relations Act. However, through the Association, they have gained a powerful voice with Mayor Menino and Police Commissioner Davis on political and legislative matters that impact their jobs. They have been responsive and taken an active role to help better the lives of taxi drivers. The drivers have used their organization to press for meter rate increases needed to keep up with the rising costs of gas and tolls, changes in Hackney Unit rules and regulations, and a Taxi Driver's Bill of Rights.

Like the PCAs, the drivers hope to establish a new employer entity so that they can begin collective bargaining for a union contract. (Visit <http://usw.org/btda> or call (877) 511-8792).

Verizon technicians, security officers, personal care attendants and taxi drivers have all followed non-traditional routes to power. They are winning by using creative tactics and strategies. In each case, they have allied themselves with already powerful unions and enlisted support from community groups and politicians. But when all is said and done, these workers (and most others) have also succeeded by staying true to well-tested principles of unionism: "An injury to one is an injury to all," and "In unity there is strength." On Labor Day, their example restores everyone's faith in labor's rallying cry of "Solidarity forever!"

Rand Wilson is Communications Coordinator for the AFL-CIO Organizing Department's Center for Strategic Research.





Shadow Boxing: *Banks, Money Markets and the Crisis of Capital Accumulation*

*This article was written before the recent
bailout of Fannie Mae and Freddie Mac.*

By Larry Peterson

The current financial crisis is now over a year old. In that relatively short time we've seen all manner of extraordinary things, ranging from the amusing (erst-while individualist bankers, financiers and politicians begging the detested state for bailouts) to the tragic and even dangerous (home foreclosures, bread riots in some of the poorest and most unstable countries in the world, etc.).

A big part of the reason why the financial crisis has been so intractable—despite all the optimistic forecasts of mainstream economists, commentators and policy makers—is the lack of transparency of many of the more popular investment vehicles devised in the last few years. It's very difficult to figure out who bears the liability if some of these bundles of debt cannot be paid off. That means many investors will be reluctant to put more money on the markets as long as they may be liable for some of those losses. But this is only part of the story.

The real problem concerns what some commentators have referred to as the “shadow banking system:” the largely unregulated hedge funds, private equity concerns, money-market funds, bond insurers and the like which now do many of the things banks do with little regulatory oversight, and scant reporting or capital requirements. But they are allowed to borrow, and this they do far more of than banks could ever imagine. That is because these firms don't have to provision capital against potential losses—or precious little, anyway.

Nowadays firms running on these principles account for a far greater percentage of financial assets than U.S.

bank loans, and this pattern is being duplicated in all the major economies. These economies might cease to function if firms are not allowed to play the markets in this risky way, or are not bailed out in case of panic.

The meltdown of Fannie Mae and Freddie Mac is the perfect case in point. They both operate in the grey area where connections between the shadow banking system—concentrated in money markets—and peripheral markets like subprime mortgages reveal the nature of financialization and the market liberalization it is dependent on.

Notwithstanding their horrific losses of late, Fannie Mae and Freddie Mac either hold or have guaranteed, securitized and sold on (they collect fees for their trouble) some \$5 trillion in mortgages. As private investors have fled the subprime fiasco, the government is keen to *increase* Fannie and Freddie's role in the benighted housing market, despite the fact that they are exempted from the type of capital requirements normal banks must observe.

Now this would seem insane if it weren't for the fact that the mortgage market must revive if recovery in the U.S. (and possibly the world) is to become self-sustaining again. And the reason for that concerns the money market: all these big, leveraged investment firms depend on instruments like so-called “asset-backed securities” (ABSs) for their day-to-day financing, precisely because everyone thought these instruments threw off risk, especially in rising markets. Employing securities as collateral for the everyday cash these firms sourced in the interbank market to

transact mergers and acquisitions seemed like a sure bet: even if some of the bundled loans went bad, they seemed to be constructed to ensure that the losses would be more than offset by the revenue streams inevitably generated by rising underlying asset prices. And they could always be sold off as securities anyway, and become someone else's problem.

Hence you had a situation in which the same banks and investment firms selling ABSs were also buying them—and keeping them on the balance sheet. Then the “impossible” happened: large numbers of borrowers began to fall behind on their payments (even though their reset terms were clearly unlikely to be met in the first place), and housing prices began to decline as well.

And with every day, some new problem seems to crop up at Fannie and Freddie that seems to suggest that—bar nationalization—those debts which are only *accumulating* as the crisis expands, may well not be paid off. And so the interbank market remains glutted—and not just because of Fannie and Freddie.

But if some new remedial initiative from the Fed or Treasury appears to further bail out the mortgage giants, this just casts more doubt on their viability. So they certainly won't be put back on the market unless in the case of a firesale by a distressed firm, which only tends to increase the general uneasiness. What you have here is a vicious circle.

Our financial system has become dependent not only on banks, but on

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Let's Beat Question 1



By Harris Gruman

The income tax question on the ballot this fall is a reckless proposal that will have severe and immediate consequences for all of us. This binding referendum will take \$12.7 billion—nearly 40 percent—out of the state budget, driving up local property taxes and leading to drastic cuts in services. Our communities will suffer sweeping education cuts, steep reductions in public safety personnel and further deterioration of roads and bridges. Times are hard enough. Let's not make them worse.

Q. What will the proposal do?

A. It will repeal the Massachusetts state income tax and cost the Commonwealth \$12.7 billion. That's 40 percent of the state budget.

Q. Would the proposal really be binding?

A. Yes, this proposal would become law, effective January 1, 2009.

Q. What would it do to our local city and town budgets?

A. Cities and towns would be pressured to drive up local property taxes and forced to make drastic cuts in services to deal with losses in local aid and education funding from the state.

Q. What impact would it have on our communities?

A. This reckless proposal will have severe and immediate consequences for our communities, including sweeping education cuts, steep reductions in public safety personnel and further deterioration of roads and bridges.

Q. What impact will this have on me and my family?

A. Here's what we know: There would be teacher layoffs, meaning kids sitting in overcrowded classrooms, and cuts in after-school programs, meaning limited academic tutoring and inadequate arts and sports opportunities. There would also be fewer paramedics, police and firefighters, meaning longer 911 wait times and reduced public safety. And

there would be much less money for road and rail upkeep, increasing the costs of car repairs for drivers and delays for riders of the T.

Q. What can YOU do about this threat to our state?

A. Question 1 is the biggest electoral issue at stake on the Massachusetts ballot this fall (Obama WILL win here!). Let's defeat this reckless proposal on November 4th. You can get involved in the campaign and help us reach out to swing working class voters by joining the Coalition for Our Communities. **Go to the website at www.VoteNoQuestion1.com to get the facts, join the list of endorsers, contribute, or volunteer, or call 617-284-1208.**

Harris Gruman is Campaign Director, Coalition for Our Communities (voteNoQuestion1.com), and SEIU Massachusetts Political Director

Shadow Boxing (continued from page 8)

super-leveraged funds which *require* outrageous amounts of debt to engineer outsized returns promised to super-wealthy investors. As we've seen, bank finance has taken a back seat in the last few years; indeed, given the competition, as well as deregulatory measures (like the repeal of Glass-Steagall), bank finance has itself tried to emulate its wild-and-crazy financial cousins.

There is one other aspect of the crisis that is routinely ignored in the financial press. Commentator after commentator makes the point that low savings rates in the so-called Anglo countries (U.S., U.K., Ireland, Australia, Canada, etc.), combined with an extraordinarily high propensity to save in emerging markets (especially China), led to an unstable situation in which cheap money was bound to come to a bad end.

But no one ever seems to make the point that low savings rates in the Anglo countries have a whole lot to do with

stagnant wages, rapidly declining benefits, and increasing costs for necessities that were previously subsidized by the state or provided by companies—like health care, education and the costs involving aging. On the other end, rising savings in China, and in other parts of the developing world, have a lot to do with rapidly deteriorating safety nets as these countries opened themselves up to international markets, and tried to become more competitive by keeping their currencies low, which usually requires cutbacks in fiscal expenditure. So, on both ends, incentives to save and borrow are becoming increasingly desperate.

And this is where we find ourselves today. For if economic revival is dependent on the recovery of a *still* inflated housing market, it's going to be a hell of a lot more difficult to pull off when prospective homebuyers can count on neither increasing wages and rising house prices to use as a source of cash,

nor on profligate lending to turn the trick. All the savings in China can't change that.

Larry Peterson writes for the Dollars & Sense website on the mortgage-banking crisis (www.dollarsandsense.org)

Boston DSA has joined the Massachusetts Alliance Against Predatory Lending (www.maapl.info), a newly formed coalition of over 20 community organizations, housing counseling agencies, legal services groups and others who have come together to work on the sub-prime foreclosure crisis. Another group, the Neighborhood Assistance Corporation of America (www.naca.com), has been fighting predatory lending for 20 years. Among other projects, they hold workshops for at-risk homeowners (617-250-6244)

Let's Get To Work

Remarks by President Robert Haynes at the Massachusetts AFL-CIO's annual Labor Day Breakfast (excerpts).

On This Labor Day let's talk about this historic election before us. John McCain? I DO NOT LIKE THIS MAN. AND I DON'T HAVE TO LIKE HIM OR RESPECT ANYTHING BUT HIS SERVICE IN THE MILITARY.

I can't respect someone who's voted against the minimum wage 19 times. I can't respect someone who's completely opposed to collective bargaining and pushes for a right to work for less policy for the entire country.

I can't respect someone who's against the Employee Free Choice Act. I can't respect someone who's against equal pay for women. I can't respect someone who wants to tax our health care as income. I can't respect someone who wants to privatize Social Security. I can't respect anyone who would continue to take this country in the exact same destructive direction as George W. Bush.

That should be all working people need to know. And we know exactly why Barack Obama is not running away with this election. The fact that he is not ahead 20 points over this Grumpy Old Man is as simple as it is nauseating.

We have to step up and confront one issue directly this election...Secretary-Treasurer Richard Trumka of the AFL-CIO gave a tremendous, gutsy speech to the Steelworkers Convention a few weeks ago. Many of you may have seen it. In that speech Trumka tells us the most jarring truth about this election.

There are literally thousands of good and rational reasons for working people in this country to vote FOR Barack Obama. And there is only one bad reason to vote AGAINST him.

We all know what that bad reason is. It's pure, unadulterated racism. People in this country, in this Commonwealth, even in our own unions are still hesitating to support Barack Obama

simply because he's not white.

And we in the Labor Movement have to go at this directly. We have to be the guys who carry this message: Barack Obama's **race is about the stupidest reason not to vote for him I could possibly imagine.**

This election is a no-brainer: **There is no way our members, or anyone who works for a living, should support a guy who says even in jest that you need to make more than \$5 million to be considered rich.** There is no way our members, or anyone who works for a living, should be supporting a guy who is **so out of touch he doesn't know how many million dollar homes he has.** There is no way our members, or anyone who works for a living, should be choosing John McCain over a **Democratic candidate who walks picket lines, who talks about unions in every speech, who praises unions in every book, who supports the Employee Free Choice Act, and who chose one of the most pro-union running mates he could in Joe Biden.**

The only way we lose this election is if white, working class voters once again fall for the Republicans' Jedi mind trick. It's the mind trick that questions Barack's patriotism and religion. It's the mind trick that questions Barack's experience even though his career is three times as long as the person John McCain wants to be one heartbeat away from the presidency. It's the mind trick of distortion, mistruths, outright lies, and innuendos that all say one thing, but all appeal to the very worst belief system in our country: That of racism.

And we have to say that to our members, and retirees, to our family and friends who quote the emails that say Barack doesn't wear a flag pin or is secretly a Muslim. No, his skin color isn't the color that should matter this

election. The only color that matters this election should be **GREEN.**

Green as in **the money that we used to have in our wallets and pocketbooks**, money that McCain wants to keep sending to Wall Street and his millionaire and billionaire puppet masters. Green as in the **environment, global warming and the new, renewable energy economy**, and the alternative energy revolution that Barack Obama will bring to this country. Green as in the **grass Republicans** let our homeless veterans sleep on.

Green as in the **grass that your average foreclosed family has nightmares about sleeping** on those last few nights in bed under a roof that Corporate America is ripping right from over their heads. **Green as in the color I'll turn if this country dare elect John McCain to George W. Bush's third term as President.**

For years I have ended every election year speech saying that this is the most important election in our lifetime. I am getting sick of saying that, just as I know you are getting sick of hearing it.

But the simple fact of the matter is that because we've **lost the last two presidential elections, this truly is the single most important election in our lifetime. The only way to stop having this string of most important elections is to actually win one.**

This Labor Day has got to be the starting line for the race to Turn Around America. We all have to line up, as we so often do, side by side, shoulder to shoulder, and get up to New Hampshire, and march door to door, and tell our members the thousands of good reasons Barack Obama and Joe Biden need to go to the White House.

And we need to get right in the face and put our finger right in the chest of anyone who tells us they can't vote for

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Reflections on 1968 and Today

REFLECTIONS ON 1968 AND TODAY

By Deborah Meier

During the Clinton-Obama primary fight I had an eerie premonition we were reliving some of the bitterness of the New York City teachers strike of 1968. The year before there had been a short precursor strike over what to do about disruptive kids—should or shouldn't teachers have greater power to expel them? From my classroom in PS 144 in Central Harlem, I sensed unrest and distaste for the union's cause.

But a year later the simmering discontent exploded in a strike that divided sharply along ugly lines. Black and white for sure. But also different brands of do-good whites that crossed class and ethnic divides, but particularly heightened the fears among Jews about the latent anti-Semitism of both some blacks and some upper class WASPs.

Albert Shanker was the leader of the NYC teachers union (UFT) at the time, later rising to head the national American Federation of Teachers. But it was this "great divide" that marked a gradual shift in his politics, from an outspoken

advocate of teacher empowerment and civil rights to neo-conservatism. It was accelerated by the Vietnam war and some of the craziness among a certain segment of "new leftists" (Weatherman and such) who opposed it. Some of his more radical proposals for school reform—including teachers increased role in their own self-governance—were cast aside in favor of centralization and eventually standardization.

Richard Kahlenberg's biography, *Tough Liberal: Albert Shanker and the Battles Over Schools, Unions, Race and Democracy* presents an effusively laudatory account of these years, but avoids the tough questions which might help us chart the future.

The AFT and UFT's all-out support for Hillary Clinton over Obama puzzled me but has not, as far as I know, divided the teaching force in NYC or elsewhere with the furor I might have feared. Maybe that's a good sign that we have moved along, or maybe simply that a kind of "quietus" has taken hold.

What saddens me however is that the unions I most care about and respect have not solved the problem of truly engaging their membership. If any union might have such a lively internal life one might imagine the teacher's union would. After all, teaching itself is a "political" act in its broadest sense. The arts of politics and teaching are not so dissimilar.

But as in 1967 and 1968 the lively discussion takes place in separate and unequal enclaves, private spaces, not in the teacher lounges. We still fear disagreements, and have neither taught ourselves nor our students that the whole art of "academia"—at its best—is a "he says, she says" kind of discourse; that in confronting doubt and disagreement we search for truth.

We've a long way to go before that kind of citizenship becomes the norm.

Deborah Meier is an award winning educator (in NYC and Boston), author, and a founding leader of DSA

Let's Get to Work (continued from page 10)

a black guy, whether in the coffee shop, the gas station, or next door. When you join me in New Hampshire and someone opens that door and tells you they have troubles with Barack's race, you look them dead in the eye and them: Your **house** is about to be **foreclosed**. Your **job** is about to be **sent overseas**.

Your **kids** can't see the doctor because you **don't have health care**.

You **can't retire** because the **Republicans** let Corporate America **give your pensions** to CEOs' golden parachute.

You look that person in the eye and you tell them to look their kids in the eye and tell them "I can't take care of you. But I kept a black man out of the White House."

Teddy Kennedy said just a week ago at the Convention: "The work begins

anew. The hope rises again. And the **dream lives on.**" This Labor Day, it is up to us, this Labor Movement, to begin the work anew, to help the hopes of working families rise again, and finally live up to the American legacy to ensure that for our children and our children's children, the dream, the **American Dream** lives on.

Let's get to work.



Boston DSA Event Calendar

- ★ *Sunday, September 21, 2:00 P. M. DSA Members Meeting (p. 1)*
- ★ *Saturday, October 4, 4:00 P. M. Jimmy Higgins (p. 1)*

the yankee radical

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