

## 2005: Year in Review

Now that 2005 has gone, it may be useful to reflect on the year and what it meant for workers. What were some of the most significant stories and events of the year? Here are a few, not necessarily in order of significance:

### *AFL-CIO Split*

The AFL-CIO celebrated its 50th anniversary by splitting. On the heels of the brutal defeat of Labor's agenda in the 2004 election as well as two decades of declining union membership, Labor began 2005 with the most far-reaching debate in many years over the future of labor and how to best confront this crisis of declining power.

"What's still missing though, from both sides of the split, is the articulation of a grand political theme to regain the offensive.

The imperative is clear: we cannot revitalize and expand our labor movement without building an independent politics of labor. There is much that we can do today to build a new politics without abandoning the field of battle or playing the spoiler. Labor must present a clear picture of what politics would look like if it were conducted on behalf of the vast majority of Americans who work for a liv-

ing," says National Organizer Mark Dudzic.

### *War In Iraq*

At year's end there was no end in sight to the War in Iraq. The total of Americans killed surpassed 2,000; the wounded number more than 16,000. Iraqi casualties dwarf those figures. The shifting rationales and the canned promises of victory increasingly bring to mind the Vietnam debacle.

The carnage continues for no reason, even though it is clear

that there never were any Iraqi "weapons of mass destruction," that there were no links between Al-Qaeda and Saddam Hussein and that the U.S. presence is what brought terrorists into Iraq. And, of course, we are no

safer—indeed less safe—from terrorist attack now than before the invasion and occupation.

Opposition to the war has grown steadily as the administration's lies have become clearer. U.S. Labor Against the War gained force as a voice in the labor movement and led passage of an anti-war resolution at the AFL-CIO convention. Still, the skepticism reflected in opinion polls hasn't crystallized into an active mass movement, partly

**After a year like 2005, are we to believe that the Democrats are merely "botching" it again and again? When do we conclude that they are simply incapable of articulating, much less advancing, an agenda that can inspire people and speak to their real needs?**

## South Carolina Ballot Access Campaign

Activists and volunteers across the state are in full swing with the Labor Party's ballot access and party-building activities. Because we need to collect the required signatures (10,000 validated signatures of registered voters) by January 31, we need your support now!

### WHAT YOU CAN DO NOW!

#### INDIVIDUALS CAN:

- ★ Contribute! Make checks payable to Labor Party (write South Carolina in the memo of your check) and mail to PO Box 53177, Washington, DC 20009.
- ★ Email [houseparty@thelaborparty.org](mailto:houseparty@thelaborparty.org) about fundraisers in your area.
- ★ Spread the word! Encourage co-workers and friends to contribute.
- ★ Email a solidarity message at [scfp@thelaborparty.org](mailto:scfp@thelaborparty.org)
- ★ Watch for updates online; sign up at [www.thelaborparty.org](http://www.thelaborparty.org).

#### UNIONS CAN:

- ★ Contribute to the Labor Party Political Fund (LPPF) - the brand-new 527 political committee of the Labor Party! Unions are encouraged to contribute funds from their soft-money PACs to the LPPF. Make checks payable to Labor Party Political Fund and mail to 1532 16th ST NW, Washington, DC 20036. These funds will help build the Labor Party in South Carolina directly.
- ★ Continue to contribute general treasury money directly to the Labor Party to continue support of our non-electoral issue campaigns. **WE NEED THESE FUNDS NOW MORE THAN EVER!**

Contributions to the Labor Party and the Labor Party Political Fund are not tax-deductible

because the Democrats have once again failed to articulate a clear opposition voice.

### *Union Busting*

Employers continued to raise the stakes in their assault on workers and working conditions. Northwest Airlines raised the ante in provoking a strike by the Aircraft Mechanics Fraternal Association by demanding \$176 million in wage and benefit give-backs. It became clear very early that the company's demands were premeditated to force a strike, which would give Northwest the opportunity to implement the union-busting scheme it had been incubating for more than a year. The business papers touted Northwest's

strategy as a model for a new stage in corporate labor relations and quoted CEOs from other firms suggesting the same thing. At year's end, the strike had lasted more than four months.

Delphi opted for a more familiar union-busting strategy by declaring bankruptcy as a pretext for voiding its union contracts. Showdown over that plan should come this month.

### *Bankruptcy*

Speaking of bankruptcy, Congress passed and Bush signed into law the draconian Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. The law targets individual consumers by imposing rigid

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**Labor Party**

PO Box 53177, Washington, DC 20009  
Tel: 202 234 5190 Fax: 202 234 5266  
www.thelaborparty.org

**National Affiliates/Endorsers**

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International Longshore & Warehouse Union  
United Electrical, Radio & Machine Workers of America  
United Mine Workers of America  
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**Organizers**

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**LABORPARTY** news

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**Editor** Katherine Isaac

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repayment schedules, mandatory credit counseling and a means test that prevents bankruptcy judges from considering individual circumstances when making a ruling. As we noted at the time, this “reform” is especially harsh in light of the fact that medical expenses are the greatest single cause of personal bankruptcy, accounting for more than half of the filings in 2001.

Unsurprisingly, the law’s punitive provisions apply only individual bankruptcies. Chapter 11, which permits corporations like Delphi to declare bankruptcy, duck their obligations to workers, and reorganize at will, is not affected by the law, of course.

**Hurricane Katrina**

Nothing during 2005 did so much to expose the nature and consequences of the Republicans’ agenda and the Democrats’ pitiable acquiescence than Hurricane Katrina and its aftermath. After cutting more than \$71 million from the project to upgrade the crumbling levee system in New Orleans, Bush feigned surprise that two levees failed in the hurricane’s wake. Over the next two days 80 percent of the city filled with water, forcing the largest urban dislocation in U.S. history.

Neither Bush, FEMA director Michael Brown nor Homeland Security Secretary Michael Chertoff did anything to respond. Brown and Chertoff claimed not even to have noticed that the city was flooding and lied about having deployed assistance. Even the guide-dog corporate media, shocked at the spectacle of people marooned and abandoned in the city, fanned outrage at the federal government’s abject failure. Bush’s aides finally convinced him to stage some empty photo ops. Still, in his first public comments he let out some frat-boy

humor, complimented the pompous incompetent Michael Brown on his performance and urged us all to donate to the Red Cross and other private charities.

His “relief” plan was all about more tax breaks, attempts to suspend Davis-Bacon and FLSA in reconstructing the Gulf Coast, sweetheart contracts to Halliburton and other cronies, privatizing everything from

affordable housing, and protections at work. By year’s end, that stark picture has combined with the realities of the war to send Bush’s approval ratings into a tailspin. Once again, though, the Democrats have shown their utter failure as a voice for the strong political opposition we need, as they can muster no response to the Republicans’ brutish program except, “Me too, but not so much.”

**Oil Profiteering**

Lack of enforcement of anti-trust laws, mismanagement of the Strategic Petroleum Reserve and subsidies and tax breaks ensured record profits for the oil industry in 2004 and the first half of 2005. Add merger mania and purposefully diminished refining capacity and the oil industry was poised to take flagrant advantage of the devastation to the Gulf Coast caused by Hurricane Katrina.

Oil and gas company profits rose about 62 percent in the third quarter to about \$25.9 billion compared the third quarter of 2004. Exxon Mobil reported the largest profit in U.S. corporate history during the quarter.

Oil industry stocks have retreated about 11 percent from their levels in September when oil and gas prices were near record highs. But oil stocks still show a nearly 40 percent rise over the last 12 months.

**Medicare Prescription Drug Benefit**

The new Medicare law—passed by Congress in 2003 after a series of strong-arm tactics by the Bush administration—began to pay out to its major beneficiaries in 2005. Drug companies are expected to gain \$139 billion in profits from Part D. Medicare has already begun to pay insurance compa-

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**BIG NUMBERS FROM THE OIL GIANTS**

Net income through first 9 months, in billions of dollars.

	2005	2004	% Change
<b>Exxon Mobil</b>	25.42	16.91	+50.0%
<b>Chevron</b>	9.955	9.888	+0.6%
<b>Conoco-Phillips</b>	9.85	5.697	+42.2%
<b>BP</b>	18.656	14.065	+32.6%
<b>Shell</b>	20.943	13.969	+50%

(NOTE: NET INCOME FIGURES INCLUDE SPECIAL ITEMS)

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roads to schools, eliminating capital gains and estate taxes and drilling in the ANWR! Four months after the storm, the federal government still has done little and tens of thousands of people remain dislocated.

This all brings home that this administration does not believe that the federal government has any responsibility to provide for the domestic welfare. For them government is only a vehicle for plunder and punishing their enemies. In their view, other people who need or depend on public services are simply losers.

The travesty perpetrated on New Orleans has revealed starkly what that rhetoric means in practice. The consequences fell suddenly and dramatically on New Orleanians; and quietly and individually befall thousands of people daily, as we lose health care, secure pensions, decent jobs, access to education and

nies subsidies totaling at least \$46 billion over 10 years.

According to a recent Peter D. Hart poll, America's seniors are strongly dissatisfied with the Bush administration's Medicare prescription drug plan which will force beneficiaries into HMOs and private health plans for drug coverage, will forbid Medicare from negotiating drug discounts, and will force seniors to pay more for less.

The survey shows 49 percent of seniors are dissatisfied with the drug plan, while 23 percent say they still don't know enough about the plan to offer an opinion. Among those who do have an opinion, a whopping 63 percent say they are dissatisfied with the Medicare drug plan and just 37 percent are satisfied.

### CAFTA

Last Summer, Congress passed the Central America Free Trade Agreement (CAFTA) which duplicates most elements of the North American Free Trade Agreement (NAFTA). Since 1993, NAFTA has cost 1 million U.S. jobs and has caused real wages in Mexico to decline. Workers are unlikely to fare any better under the latest trade deal.

### 2005: Schwarzenegger's Year of Reform

In his first year in office, California Governor Arnold Schwarzenegger vetoed 33 of 38 bills opposed by the Chamber of Commerce including a proposed increase in the minimum wage and bills to curb outsourcing and to protect employee privacy. He forced the legislature to overhaul the workers' compensation system and led the campaign against Proposition 72's health care directive.

The governor then declared 2005 the "year of reform" in which he promised to eliminate state public employee pensions and implement merit pay for

teachers. He overturned the legal requirement that employers allow workers a lunch break sometime before the sixth hour of their shift. He delayed by four years implementation of nurse staffing ratios requiring hospitals to have one nurse on duty for every six patients (and one-to-five by January 2005).

The California Nurses Association (CNA) went on the offensive. They sued; forcing Schwarzenegger to back down on the implementation of the staffing ratios. Other California unions followed, and the governor relented on his pension take-away plan.

Unchastened, and despite an estimated cost to taxpayers of \$40 to \$80 million and polls showing that 60 percent of

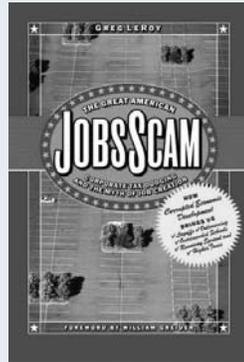
Californians did not want the special election, the governor stormed ahead in an attempt to win his sweeping pro-corporate reforms. But thanks to CNA and the coalition of unions they spearheaded, voters defeated all eight of the ballot issues which included the Governor's Reform Agenda.

Just a few days after his defeat at the polls, the governor abandoned his legal fight over nurse-to-patient ratios in hospitals. California is the only state in the country with mandatory staffing levels for hospitals. But as CNA's National Nurses Organizing Committee challenges the growing clout of hospital chains around the country, that may soon change. With an emphasis on grassroots mobi-

lizations and novel campaign tactics, CNA's effort is a model for the nation in confronting corporate control of political, economic and social life.

As the "year of reform" came to a close, Schwarzenegger's approval rating stands at 34 percent—ranking 46 out of 50 state governors. His hope of leading a new wave of the right's assault on workers may instead be an object lesson in how to reverse the tide.

After a year like 2005, are we to believe that the Democrats are merely "botching" it again and again? When do we conclude that they are simply incapable of articulating, much less advancing, an agenda that can inspire people and speak to their real needs? **LP**



## Great American Jobs Scam

These subsidies come with few strings attached. Companies feel free to bust unions, provide few, if any, jobs, even outsource and lay people off. They are free to pay poverty wages without health care or other benefits.

According to *The Great American Jobs Scam*, South Carolina is a poster child for this type of tax break scam. The state Department of Commerce advertises that the state has the lowest rate of unionization and that its manufacturing wages are almost 10 percent below the national average.

One example of the scam is the deal struck with auto parts maker Bendix, which fled South Bend, Indiana and the United Auto Workers Union in 1982, to come to Sumter, South Carolina. In 2004, the company laid off 400 workers and left town for

Mexico. Now the state is wooing Daimler Chrysler which promises to commit \$40 million and create 220 jobs in the first phase and an additional \$400 million investment and up to 1,800 new jobs if it chooses to continue with phases two and three.

"Along with dirt cheap labor and lax environmental regulations, the deal that lured the automaker to North Charleston inevitably included tax credits. How much money did the state and county agree to 'credit' Daimler Chrysler? Two and a half million dollars for Phase One. Beyond that, no one has yet totted up the numbers, but it will likely be nine figures," according to Will Moredock in the *Charleston City Paper*.

**The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation by Greg LeRoy, Berrett-Koehler Publishers, 2005**

# The Right to Fight

Mark Dudzic, National Organizer

The mayor called them thugs and criminals. Newspapers demanded their immediate arrest. Elliot Spitzer, the great crusader against corporate crime, won a court order imposing \$1 million per day fines.

Were they finally getting tough with the oil company profiteers who had callously used the Gulf Coast hurricanes as pretense to pocket billions of dollars in windfall profits? Not at all. These attacks were aimed at New York City's transit workers who had dared to go out on strike to preserve pensions and health benefits that, twenty years ago, were seen as the birthright of American workers. These events in the closing days of 2005 put in stark contrast the real condition of working people in the United States. Nowhere in the industrialized world do workers have less of a right to fight for their own interests than here.

For decades, working people have lived with the consequences of this lack of an effective right to fight. As unions have been busted, governments defunded, and the forces of corporate-driven globalization unleashed, the employment-based system of social benefits has come crashing down. Today most Americans can no longer expect the most basic prerogatives of a just society: a decent job, affordable education, a secure retirement and the right to health care.

It is no accident that things have come about this way. The political history of the past 30 years has been the relentless pursuit of corporate interests at the expense of the vast majority of Americans who work for a living. Both political parties have been complicit in this history. And, as the New York City transit workers recently discovered, even politicians elected with labor support and labor money know which side they're on. When push comes to shove, they side with their corporate masters.

This is the essential insight of our Labor Party. As long as we rely on two corporate-dominated political parties to represent us, working people will never have the effective right to fight for their interests. Until the labor movement and the other movements claiming to speak for poor and working people understand and act upon this insight, we are doomed to fighting with one hand tied behind our backs. Since our founding in 1996, we have been a home to those

activists and unions committed to building a new working-class politics.

This year we are embarking on a new stage of this journey. In South Carolina we hope to build the first state Labor Party with an electoral presence. There is nothing easy about our work there. Like most of the South, the state suffers under the legacy of the federal government's failure to build a new democratic culture after the Civil War. This failure sustained pockets of deep poverty and reservoirs of racism that kept the old slaveholding aristocracy in power and working people divided from each other. Neither the New Deal nor the civil rights revolutions of the 1960s addressed these fundamental economic inequalities. Instead, the state persisted in an economic development model predicated on keeping wages low and government services to working people to a minimum. This model required militant suppression of the rights of workers both at the workplace and in the political sphere.

These stark realities have forged a network of courageous activists who have no illusions that justice can be achieved through compromise or reliance on politicians tied to the same political parties that have been responsible for this failed model. Many of them have enthusiastically supported the Labor Party's message that we need a party of our own. And these activists are finding a welcome response from the working people of the state who are beginning to realize that South Carolina has become nothing more than a pit stop in the race to the bottom for corporations who will stop at nothing to find the cheapest labor and the most favorable conditions. As corporations abandon South Carolina for Asia and Latin America, workers are looking for a political alternative that speaks to their interests.

The fight in South Carolina has national consequences. Just as Wal-Mart has become the template corporation of the new economy, so South Carolina has become the political template.

Since announcing our campaign for ballot access last month, Labor Party members and supporters have responded enthusiastically. Many of you have sent in money to support the campaign. But more help is needed (see page one).

In South Carolina working people are beginning to reclaim the right to fight for their interests in the political arena. And we in the Labor Party are learning what it takes to build a real party of labor under the most adverse circumstances. It's a small step on a long journey but it gives us some reason to hope that 2006 will be a year in which workers finally begin to build a politics of the future.



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## NO COMMENT (BEST OF 2005)

**"You're doing a heck of a job Brownie!"**

**– George W. Bush to then-director of FEMA, Michael Brown**