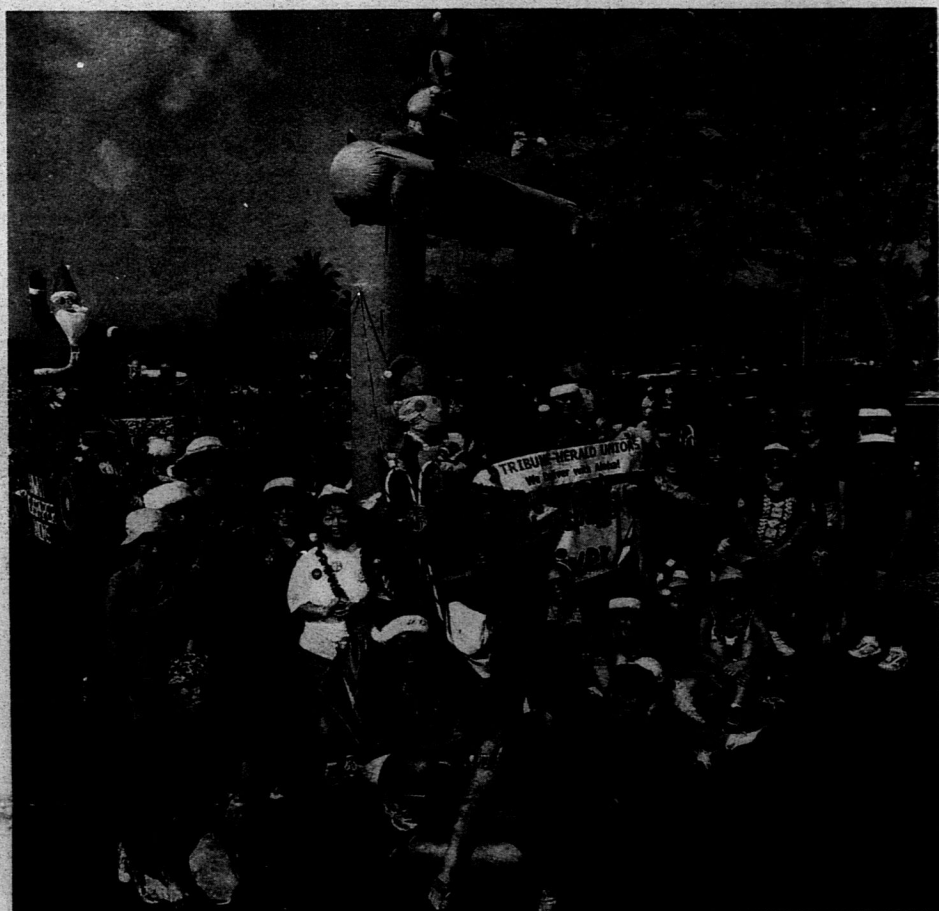
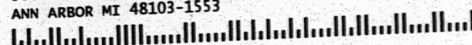


THE GUILD Reporter

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Where Christmas is never white

Members of the Hawaii Newspaper Guild, as well as two other unions at the Tribune-Herald, pose triumphantly after their float took first place in Hilo's annual Christmas parade. Led by Guild member Koryn Nako, approximately 60 union members built the flower- and foliage-

laden float on a 36-foot flatbed trailer around the theme "We Deliver Aloha." Those who marched in the parade alongside the float distributed anthurium flowers and leis—as well as flyers explaining the problems the unions have had in recent contract negotiations.

Contracts at AP, Reuters

Guild negotiators have hammered out tentative agreements with two major news services, including a three-year contract with Associated Press and a six-year contract at Reuters.

Ratification ballots were being mailed to members of the News Media Guild at press time and were to be counted Feb. 9. The proposed contract, covering approximately 1,700 AP workers in the U.S., would raise editorial wages by 9.7% over three years and give technology workers their first raises in four years, starting with a 7% increase. It also includes a buyout package that will reduce the technology unit by approximately 100 positions.

Meanwhile, the New York Guild was hoping to schedule a ratification vote for the week of Jan. 23 on its tentative agreement with Reuters. The vote comes more than two months after Reuters employees overwhelmingly rejected a contract that the company had insisted was its final, best offer—only to be embarrassed by repeated revelations of poorly drafted and sometimes erroneous language in the package. The new agreement would be retroactive to Feb. 2003 and includes annual wage increases of 3% from this year through 2008.

The tentative contract at AP "is far from perfect," conceded Tony Winton, president of the local, "but it represents a fair settlement of extremely complex and challenging issues. . . . We are making a real, financial investment in the AP, and in the future, we will be expecting a real, financial share in the rewards."

Perhaps the biggest union concession affects new hires, who no longer will be able to participate in the

company's defined benefit pension plan; instead, new hires will be restricted to a plan similar to a 401(k) given to AP managers. The proposed contract also relaxes job rules to allow reporters to perform multi-media duties; in exchange, the wire service is pledging \$1 million annually for training Guild members and has agreed to a clause that bans adverse action against an employee arising from a lack of training.

On one of the more contentious issues dividing the two sides, the company made significant changes in its proposed ethics policy. Among them: an acknowledgment that employees have a right to participate in social, charitable and other off-work activities as long as such involvement doesn't undermine job performance. The revised policy also limits most political activity restrictions to editorial employees and allows financial reporters to place their investment in blind trusts.

Additional details on the Reuters pact were unavailable at press time, as Guild officials were still working on final contract language. But it apparently resolves two major issues that had blocked agreement, retiree health care and job security for technicians.

Guild joins bidding for KR papers

Retains advisors, seeks partners

Guild-represented employees of Knight Ridder got an early Christmas present: the news that their union had joined the bidding to own their company—or at least the nine newspapers with TNG-CWA contracts. The Guild's intervention includes retaining two advisory firms, Ownership Associates of Cambridge, Mass., and Duff & Phelps Securities of Chicago, as well as creation of a new corporation, Value Plus Media, to serve as the parent company of any acquisitions.

Although a Knight Ridder spokesman quickly dismissed the bid by saying the company is not looking to sell individual properties, Guild officials said they are talking to several potential bidders with an eye toward making a joint offer.

"There is a lot of interest in our proposal among various stakeholders in the news industry," said TNG-CWA President Linda Foley. "People who work in this business and care about what's happening to journalism as a result of the current climate of consolidation and cost-cutting understand that there is a need for a different ownership model. We look forward to working with anyone who shares that view."

Meanwhile, Knight Ridder has started making presentations to potential buyers, beginning with two days of meetings with representatives of the McClatchy newspaper chain Jan. 12 and 13. Two other newspaper chains—Gannett and MediaNews Group—reportedly remain interested, and at least nine private equity firms have formed three separate coalitions to make their own inquiries. Disputed reports also have circulated that some senior Knight Ridder executives are trying to line up financial backing for a bid.

The proposal that's being assembled by the Guild involves a combination of "worker friendly" private equity investment and an Employee Stock Ownership Plan (ESOP) variant known as a Subchapter S Corpo-

ration. ESOPs are not uncommon—more than 10,000 are operating in the U.S. today, including the Bureau of National Affairs and a modified ESOP at the Milwaukee Journal-Sentinel, both with TNG-CWA contracts—and are a specific form of a defined contribution pension plan. But instead of investing in a wide variety of stocks, ESOP participants invest primarily in an individual employer.

Although ESOP participants "own" the company for which they're working, their shares are held by a legal trust and are sold only when the employees leave or retire. When an ESOP is the sole or primary shareholder in a corporation it can qualify for "S" status, which allows it to operate on a tax-free basis. Moreover, employees of an S Corporation can roll over a percentage of their defined contribution plan assets into the ESOP, providing an equity base to partially underwrite the initial purchase. At this early stage the Guild's financial advisors have not determined a target percentage for the "rollover," but have emphasized that any investments by Guild members or other employees should be modest and will be entirely voluntary. There is no plan to use Guild defined benefit pension holdings to finance a transaction.

As with any other company, an ESOP is managed by a senior management team—but one that employees have a hand in choosing. To that end, Foley said she already is soliciting input from union members, Knight Ridder "alumni" and other newspaper industry contacts. She also is forming a Value Plus advisory board of newspaper, media, philanthropic and community leaders to help create an "ample pool" of senior management candidates.

To further solicit employee input at the affected newspapers, Guild leaders have been holding explanatory meetings around the country. Both union and non-union workers have been invited to hear presentations by Chris Mackin, president of Ownership Associates, and Richard May of Duff & Phelps. Guild rep Darren Carroll has been the union's overall coordinator of the outreach.

To stay abreast of this story, see www.knightridderwatch.org.

Inside this issue



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Retiree finds pension is a gift that keeps on giving page 8

HUMAN RIGHTS WATCH

Are we making progress?

By Debbie Thomas
Human Rights Director

One goal of the human rights department this year, as always, is to increase the number of people of color and of women and younger Guild members in leadership positions. So I decided to take a look back to 2002, when we revamped the human rights program, to see how much progress we've made. Judge for yourself.

Of the 19 TNG staff members at that time—11 at headquarters and 8 in the field—one was Hispanic, three were black and 15 were white. Broken down by gender, nine were female, 10 male. Today, a reduced staff of 15 has two blacks, no Hispanics and the gender ratio has reversed, with eight women and seven men. The TNG Sector Executive Council, meanwhile, remains virtually unchanged, its 12 members evenly divided between men and women but including only one non-Caucasian, of Asian-Pacific origin. None is younger than 40—and perhaps not younger than 45, although no one's talking.

We had 32 locals respond earlier last year to our survey of local officers, including the president, vice president, treasurer and secretary; that compares with 22 locals responding in 2002. In that earlier survey, four of the top officers were Hispanic, two Asian, one Native American and three multi-racial. Today there are nine black, three Asian-Pacific, one Hispanic, two Native Americans and two of Middle Eastern origin in those positions.

Meanwhile, the number of human rights coordinators in our locals has risen to 38 from 21 over the same period, so things are changing, albeit slowly. If we want to effect change we have to be in a position to make the change.

Human rights coordinators and other local leaders who want to promote diversity will be more effective if they get leadership training. One place to start is at the new local officers' training provided by TNG-

CWA in mid-February (but hurry: the registration deadline is Feb. 1), as well as at the spring district council meetings, which sometimes offer invaluable training and workshops. Also think about attending CWA district meetings, and if possible attend the TNG sector conference, which this year will be held in Las Vegas. Make this the year for human rights coordinators to become more visible in our locals. We must start somewhere.

Finally, I want to acknowledge that one of our readers referred to me as the director of political correctness. That's a title I accept proudly because I get "it." And what is "it"? "It" is the smaller group refusing to be defined by the larger group. If I am a Native American and become offended by your choice of a sports mascot because it demeans or diminishes my heritage, don't tell me I should be proud of the attention you've shown me. If I am an African American, please don't try and tell me my leaders should be.

You may not embrace my sexual orientation, but that is no reason for you to treat me any differently from any other person. Don't try to tell me I can't do a job or that I should be paid less because I am female. Allow me to worship or not worship in the way that I choose because this country says I can. This is a short list, but it underscores America's real "traditional values," not the oppressive substitutes embraced by the more intolerant among us. Get "it"?

STICKS AND STONES

Down Low: Term used by some bisexual men of color to refer to men who have sex with men without the knowledge of their female partners.

Animal references: Avoid comparing people, in particular athletes, with animals even if they have a name such as Tiger or Fox.

Articulate: Can be considered offensive when referring to minorities, particularly an African American person, and his or her ability to handle the English language.

Osprey claim is for the birds

Canadian Guild members at newspapers owned by Osprey Media Group are joining forces to fight the company's outsourcing of local jobs to centralized call centers, which are staffed by low-paid part-time workers who receive no benefits. TNG Canada-CWA estimates as many as a hundred jobs could be lost at nine of the 10 Osprey dailies at which it has members.

A grievance was filed in early December at the St. Catharines Standard, where eight of 13 classified ad employees were told that their jobs were being transferred to a call center in Sarnia, nearly 200 miles to the west. Although the contract includes a no contracting-out clause, Osprey told Guild officials the move was not a negotiable issue and that employees did not have the option of following the work to Sarnia.

Similar layoff notices were issued to employees in a classified department at the Kingston Whig-Standard, and the local at the Sudbury Star was recently informed it would be hit with layoffs this spring.

Arnold Amber, director of TNG Canada-CWA, has written to seven locals to notify them of the "radical change in the way that Osprey does its business." The union also convened a meeting in Sudbury of delegates from half-a-dozen locals to develop strategies, and expects to launch a campaign within the next few weeks to rally public opposition to the layoffs.

Osprey owns 21 dailies in Ontario. The company was formed three years ago, when it purchased several newspapers from CanWest. Its web site asserts that its "local relationship and commitment to our communities is at the core of who we are and what we do."

Guild briefs . . .

Eagle-Trib votes no on joining Guild

An organizing drive at Eagle-Tribune Publishing Co. ended on a down note Jan. 5 and 6, when editorial department employees at the company's nine daily and weekly publications voted 82-52 not to join the Newspaper Guild of Greater Boston. The affiliation drive was spearheaded by reporters and copy editors at the Eagle Tribune, following sale of the Rogers family-owned group last July to Community Newspaper Holdings in Birmingham, Ala.

Time employees brace for layoffs

Red flags are popping up all over Time Warner. With the company under pressure to cut spending by \$100 million, the unit's Guild members were told to expect that 3% of the workforce, or about 400 employees, "will slide into the ranks of the unemployed" early in 2006. Then, on Jan. 9, Women's Wear Daily reported that all 20 or so editorial employees in Time magazine's London office have been offered "voluntary" buyouts, with no word on how many jobs actually will be cut.

Buffalo, Milwaukee ratify contracts

Two recent votes ratified tentative contract settlements described in last month's Guild Reporter. Employees of the Buffalo News approved their three-year pact by a vote of 168-57. Employees of the Milwaukee Journal-Sentinel, meanwhile, turned out in record numbers to approve their four-year package 116-25, marking the biggest "no" vote ever on a contract proposal endorsed by the local's bargaining and executive committees.

CP/BN employees end wage rollback

Guild members at Canadian Press/Broadcast News voted 155-29 in favor of an agreement that boosts their pay 4% this month, ending a 2% wage rollback they accepted for 2005 to help the financially troubled company. The agreement includes an additional 2% increase Dec. 31, and all full-time employees will get an extra two days of paid vacation this year in appreciation of their sacrifice.

S&P faces charge on trading policy

The New York Guild is filing an unfair labor practice charge with the National Labor Relations Board over Standard & Poor's unilateral implementation of a policy affecting how and when employees may trade securities. The company's action followed a meeting with Guild negotiators in which it refused to move off

its demand that any transaction would require advance approval by a supervisor. The company also is demanding that employees hold a security at least 45 days before selling it at a profit.

DJ cleans house, OKs non-journalist

No sooner had members of IAPE, TNG-CWA Local 1096, elected a new president and vice president than their employer apparently concluded it, too, needed new leadership. Dow Jones announced that Peter Kann was being replaced by Richard Zannino as chief executive and would step down as chairman of the board next year. In addition to putting the company under the control of a non-journalist for the first time in decades, the change was a slap to the ambitions of Kann's wife, Karen Elliott House, who is taking early retirement (see page 4 for related item).

BNA nears final (and stingy) offer

BNA's chief negotiator has told the Guild bargaining team that the company is close to its final wage proposal, which would give a majority of the unit's members increases of less than 2.5% a year. The statement came about seven weeks before the current expires, at the end of March, and represents substantially lower raises.

Expiring JOA offering buyouts

The Cincinnati Post and Kentucky Post, partners in a joint operating agreement that will expire at the end of next year, have offered voluntary buyouts in an effort to reduce payroll by five positions. When combined with 15 positions eliminated last fall, the layoff marks a 25% reduction in editorial staff, according to Bob Driehaus, president of the Cincinnati Guild.

Running, but hardly on empty

A tri-state meet of top high school cross-country teams is being organized by the Toledo Newspaper Guild in honor of its longest active member. The inaugural Toledo Newspaper Guild/Chet Sullwold Invitational, to be run Sept. 2, has been inspired by Sullwold's 57-year career at the Toledo Blade and his tireless advocacy for cross country events as a volunteer track official.

Erie paper cuts two dozen jobs

Leaders of the Erie Newspaper Guild were blindsided at press time by a Times-News announcement that it is eliminating 24 jobs. Management said it is seeking to cut payroll 8.5% because of stagnant revenues.

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The Newspaper Guild International



For information about your benefits, contact Scott Bush, assistant to the trustees:

1-888-893-3650
sbush@cwa-union.org

Corrections

The November Guild Reporter erroneously asserted that the Toronto Star, in reporting on the death of Bland Honderich, had ignored his pivotal role in establishing the Toronto Newspaper Guild. The error resulted from a mistaken belief that a tribute to Honderich by Michael Pieri, a retired senior editor, was the newspaper's obituary; in fact, the Star devoted several pages to Honderich's life and included a substantial description of his union activities. The Guild Reporter editor regrets his error.

A cutline in the December issue of the Guild Reporter stated that a picture of staff rep Jim Schaufenbil was taken at the CWA District 1 meeting; it was taken in Boston, at a demonstration supporting the Employee Free Choice Act.

WashTech's year ended with a bang

By Jeff Nachtigal
WashTech News

At the end of the year, one way a union's work can be measured is by its membership numbers. By that measuring stick, there is little question that 2005 was a watershed year for WashTech. A successful organizing campaign added nearly a thousand new members, tripling the TNG-CWA local's membership and putting a positive face on an otherwise tumultuous year for high-tech workers.

WashTech President Marcus Courtney left little doubt as to the union's the most significant achievement in the past year, if not its eight-year history. "The organizing drive at Cingular was our biggest success," he said, referring to the card-check campaign at the Bothell, Wash. office. "At the same time it was a great victory for Cingular workers. To organize a thousand workers in one place, in one shot, is a big deal."

That WashTech was successful in a year-long organizing campaign and will now support a large group of customer service reps—a job title nearly synonymous with India and offshoring—is a sweet victory in an uphill battle against disappearing high-tech jobs. The new members bring a new dimension to a union that recently has focused on calling attention to the negative

effects of offshoring and abuses in the guest worker visa program. Now WashTech will become more active doing traditional union work for the Cingular employees, such as filing grievances and negotiating contracts.

But one Cingular success did not beget another. While the customer service unit vote for union representation, the election in Cingular's IT department fell short by 20 votes. Courtney said the most common reason he heard for the IT workers voting against union representation is painfully familiar to someone who deals with high tech workers all the time: "We don't need a union because hard work will deliver a better deal than a union."

Despite the disappointment, WashTech will revisit the IT department this year with another organizing drive. Meanwhile, said WashTech organizer Todd Tollefson, the reason the larger campaign went so well is because Cingular is not an antiunion employer. "They had a neutrality agreement, which meant that management would neither help nor hinder the union," he explained. "Cingular's official line was 'we leave it up to employees.'"

"My caveat is that most employees in the U.S. would want to be in a union," he added. "The AFL-CIO surveys back that up; most people say yes, they would join a union. It shows that labor law makes it so difficult for

workers that it takes having a neutral employer to win a campaign these days."

Earlier in the year, the news for workers in the U.S. and abroad was not as bright. In June, WashTech publicized IBM's plans to hire 14,000 new employees in India over three years. IBM documents discussed "growth drivers" that made the expansion necessary. WashTech subsequently published a story discussing the realities of life for a call center worker in India. Personal accounts from Indian call center workers showed the divide between Washington Mutual's (WAMU) "caring, courteous and respectful" concern for customers, and working life for employees of the Indian company WIPRO, which handles WAMU accounts in India.

Similarly, "Real Pirates of the Caribbean," a report commissioned by WashTech, examined the CAFTA trade agreement with Central American countries to provide a "countervailing voice to the corporate political lobby," Courtney said.

By September, a survey of high-tech workers showed that "clearly the pixie dust for tech workers has worn off." The survey found that IT workers increasingly are pessimistic about the economy and the job outlook. Downsizing, health-care cost shifting, job exporting and visa importing strategies all haunted survey respondents.

In November, Rep. Adam Smith (D-Wash.) introduced a bill to reform the Trade Adjustment Assistance Act to make more benefits available for workers whose jobs are offshored, and to broaden the categories to include, once and for all, software workers. "It's a long shot," Smith said at the time, referring to the obstacles posed by a Republican-controlled Congress, "but being in the minority we still have to stand up and say this is what we stand for. This is where we're headed so when we're back in control we can implement this."

Meanwhile, the General Accounting Office released its long awaited report on offshoring but declined to offer concrete suggestions for reform. WashTech's Offshore Tracker has counted nearly half-a-million jobs that have been moved to other countries, led by EDS, Dell, Intel and Computer Sciences Corp. And recent news that Microsoft, Adobe and GM will spend billions more on their India operations does not come as a big surprise in a non-election year, a time when the political backlash is not as sharp.

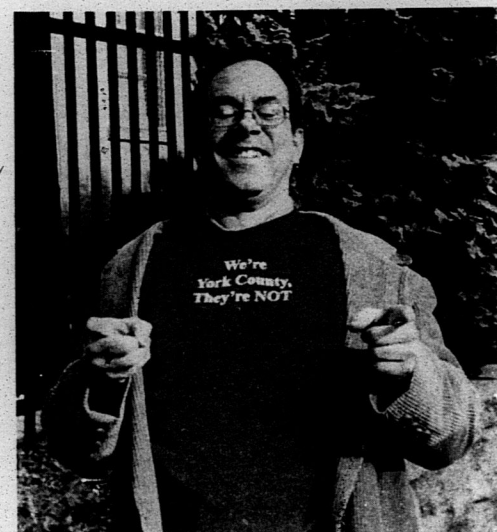
"I think that outsourcing is not an issue that's going away," said Courtney. "Companies in a non-election year are feeling much freer to publicly announce their investments in hiring and firing to hire overseas."

Mobilization stresses local's roots

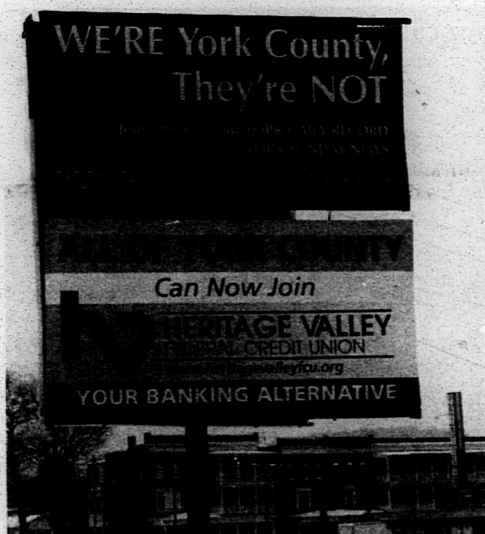
Confronted at the bargaining table by a newspaper chain owner based in Denver (MediaNews Group) and a union-busting law firm out of Nashville (King and Ballow), the York Newspaper Guild is fighting back with a highly public mobilization campaign that plays to local sympathies. On billboards, T-shirts, leaflets and other media, the message is clear: "We're York County, they're not."

The pugnacious note is being struck following a complex shuffling of properties in 2004, when the York Daily Record was still privately owned by the Buckner News Alliance. The Record and its MediaNews-owned rival, the York Dispatch, had a joint operating agreement and both had Guild representation. Life then was relatively mellow.

But in 2004, Buckner and the MediaNews traded newspapers and the York Sunday News, which had been published by the York Dispatch, was transferred to the York Record. In addition to some loss of jobs, the swap also meant the Record's employees, who had enjoyed good labor relations with Buckner, suddenly had to deal with the more tight-fisted MediaNews.



Tom Joyce, mobilization coordinator for the York local, displays the Guild's new t-shirt.



Hardball bargaining by an out-of-town newspaper owner employing an out-of-town union-busting law firm has elicited this local response.

When the Record's contract expired this past September, the new relationship was quickly established by management bringing in King and Ballow and presenting a laundry list of regressive demands.

As of mid-January, the company was still demanding an absolute right to fire or demote employees without cause and to outsource unit work; elimination of dues check-off; elimination of posted schedules and no overtime for days worked in excess of eight hours; and unit seniority rights for managers. In exchange, MediaNews was offering annual pay increases of 2% over three years.

As extra insurance to make certain it's not overmatched, the company has refused unpaid union leave for the Guild's negotiating team, "leaving us at the table with sleep-deprived committee members, trying to deal with silly proposals," summarized a Guild member.

Since the mobilization campaign began, the local has distributed thousands of leaflets at local events, run radio spots, sports its red shirts every Wednesday and has plastered a dozen billboards around York with its in-your-face message. The campaign may be making itself felt: after months of sporadic bargaining sessions due to scheduling problems cited by King and Ballow, a decision to suspend the law firm's participation has magically opened up half-a-dozen bargaining sessions over the next month or so.

The local's contract at the York Dispatch, meanwhile, expires this October.

SEC addresses bargaining, diversity issues

Seeking to exert control over locals that sometimes conduct collective bargaining in a vacuum, the TNG-CWA Sector Executive Council has approved a set of universal procedures that come with a stick: a local failing to follow constitutional rules will be disqualified from the legal services program.

Separately, the SEC also endorsed a strategy to increase diversity in the Guild's leadership.

The harder line on bargaining is being taken to ensure locals don't negotiate agreements that undercut other locals, sometimes within the same chain. TNG-CWA officials also said they need to be kept abreast of bargaining developments so they don't feel blindsided when a local goes on strike, and Guild staff complained that locals have not been providing the information needed to maintain the collective bargaining database.

Accordingly, the SEC set the following timeline:

- One year before a contract is to expire, TNG staff will request that the local complete a "power analysis" and a "contract analysis." A Guild rep will be assigned to help the local conduct its assessments, which will be due within the next three months.

- A detailed contract bargaining kit will be sent by TNG-CWA to the local eight months before contract expiration.

- Six months before expiration, the local will be required to identify its bargaining timeline and bargaining committee and to submit a written mobilization plan. Locals

unable to demonstrate a functioning mobilization structure will be ineligible for mobilization funding.

- Three months before expiration—and no less than 15 days before submission to the employer—the local is to provide a copy of its contract proposals to the TNG-CWA collective bargaining department for its approval.

- One year past expiration, if a new contract still has not been negotiated, the local must update its power analysis and consult about it with the collective bargaining department.

- When a tentative agreement is reached, it must be approved by the TNG-CWA collective bargaining department before it is put out for a membership vote. After ratification, electronic and printed copies of the contract must be submitted to the national office for its database.

In its pursuit of greater diversity, the SEC is encouraging locals to identify minority delegates for the sector conference in July. At that time, each district council will be asked to select a minority delegate to serve on the Guild's Human Rights Committee for one year. The newly formed committee will meet with the SEC's Human Rights Committee and Debbie Thomas, the Guild's Human Rights Coordinator, and will select a chair who will report to the sector conference.

The committee will continue meeting during the following year, and delegates will be expected to issue reports at their district council meetings. The SEC Human Rights Committee will evaluate the process annually and also issue a report.

News round-up

U.S. troops terrorize Iraqi journalist

The International Federation of Journalists has called on the Pentagon to explain why American troops in Baghdad blasted their way into the home of Ali Fadil, an award-winning journalist working for the British Guardian and Channel 4, firing shots into the room where he was sleeping with his wife and children. Although Fadil was taken into custody and his video tapes confiscated, he was released several hours later without explanation; his tapes, however, were not. "This incident smacks of intimidation," complained IFJ General Secretary Aidan White. "Once again, it appears that journalists are suffering pressure with impunity."

CPJ releases deadly tally for 2005

Kidnappers in Iraq, political assassins in Beirut and hit men in the Philippines made murder the leading cause of work-related deaths among journalists worldwide in 2005, according to the Committee to Protect Journalists. More than three-fourths of the 47 journalists killed last year were murdered to silence their criticism or punish them for their work. For more, see www.cpj.org/killed/killed05.html.

Two decisions favor news workers

Teamsters-represented drivers for Dayton Newspapers finally received checks totalling \$670,692, representing more than five years of back pay. The award followed a U.S. Court of Appeals ruling last March that the company had committed multiple unfair labor practices during a lockout it imposed after its 31 drivers held a one-day strike in 1999. In a separate, unrelated case, an NLRB regional director upheld his previous ruling that carriers for the Arizona Republic may be unionized. The decision came despite an August ruling by the National Labor Relations Board that carriers for a daily newspaper in Missouri were independent contractors and not employees, with the regional director asserting that the facts between the two cases were significantly different.

CWA blasts IBM pension change

The Communications Workers and the AFL-CIO are blasting a decision by computer giant IBM to save \$3 billion by unilaterally freezing its defined-benefit pension plan for 120,000 U.S. workers and switching them into riskier 401(k) plans. CWA President Larry Cohen noted that overseas, IBM must negotiate the pension change with its unions, unlike in the U.S. "If Congress is interested in real pension reform, it will begin by encouraging establishment of defined benefit pension plans that provide true retirement security for working families," Cohen said. "This downhill sled ride for U.S. workers will continue until the United States joins the mainstream of global democracies and ends the attack on workplace democracy and workers' rights."—Press Associates, Inc.

AFL-CIO bypasses feds on health care

Giving up on pro-worker health care action from the GOP-run Congress, the AFL-CIO kicked off the new year by launching a campaign in 30 states requiring large companies to provide health care for workers, or to pay the states to provide health care for the uninsured. The Fair Share Health Care campaign is modeled on a Maryland bill that recently survived a gubernatorial veto; it requires all companies with more than 10,000 workers to pay 8% of payroll costs for health care, or contribute the difference between what they do pay and that figure to a state fund for the uninsured. The AFL-CIO-sponsored legislation would have different figures for different states.—Press Associates, Inc.

Cervical cancer screening month here

Observing that 86% of female unionists have health insurance and that most such plans cover pap smears and HPV tests for women over 30, the Coalition of Labor Union Women is urging all women to make an appointment this month for cervical cancer screening. Virtually all cervical cancers are caused by the human papillomavirus (HPV), which can be detected before it actually causes cancer. For more information, see www.cluw.org/cervcancer.html or call CLUW at 202-223-8360, ext. 4.

In brief . . .

Agreement on new contracts between **Newsday** and its six bargaining units has reduced the expected number of layoffs this spring to 60 from 165, primarily drivers and pressmen. . . . Jonathan Tasini, past president of the **National Writers Union**, cited Hillary Clinton's support for the war in Iraq as he entered the Democratic primary for her U.S. Senate seat. . . . The **United Farm Workers**, which joined the breakaway Change to Win Coalition last summer, dropped the other shoe by officially quitting the AFL-CIO Jan. 10. . . . A federal grand jury returned a 53-count indictment Dec. 15 charging Ralphs Grocery Co. with illegally rehiring hundreds of locked-out workers under false names during a bitter labor dispute two years ago with the **United Food and Commercial Workers**. . . . The **Calvert Group**, a major investment manager controlling more than \$10 billion in assets, has dropped cable giant Comcast from all of its portfolios, citing the CWA adversary's poor "workplace practices and labor relations."

How're they doing? For those on top, gr-r-r-eat!

As Guild contract settlements keep rolling in, the overall message is unmistakable: we're sliding backwards. Against a dissonant soundtrack of layoffs and buyouts, TNG-CWA locals are accepting wage packages that fail to keep pace with inflation while also swallowing higher health care premiums and copays and ever more miserly retirement plans.

But as recent headlines also make clear, not everyone is feeling the pain.

Take Knight Ridder, which has been pushed onto the auction block by shareholders who think it should be squeezing even higher profits out of its rapidly shrinking workforce. Heads have been rolling throughout the chain, but the company's board of directors decided that its executives deserve to be rewarded more than they have been. So, as described in a Dec. 22 filing with the Securities and Exchange Commission—timing news-savvy people will recognize as offering the best chance of burying the news—the company is increasing chief executive Tony Ridder's bonus target for 2006 to 95% of salary, up from 85% in 2005.

The company also decided bonus targets for its senior vice presidents should be increased to 60% of salary for 2006, up from 50%.

A different approach to burying the news was taken by Dow Jones, where Richard Zannino—more noted for number crunching than journalistic sensibilities—reportedly agreed to take the top slot only on condition that his most contentious rival step down. That would be Karen Elliott House, wife of retiring chief executive Peter Kann and publisher of the Wall Street Journal.

But renouncing dynastic ambitions carries a price tag, albeit a relatively modest one by today's stratospheric standards, if not for those living paycheck to paycheck. Buried in yet another SEC filing was the news that House—who continues working for a couple of "transition months"—will get her regular salary

for an additional two years after she leaves, plus a bonus equal to two times her target bonus, however that's finally determined, payable in 24 equal monthly installments. And, of course, the stock options she's already been granted will continue to vest, and there will be more money coming her way under Dow Jones' long-term incentive plan for senior executives.

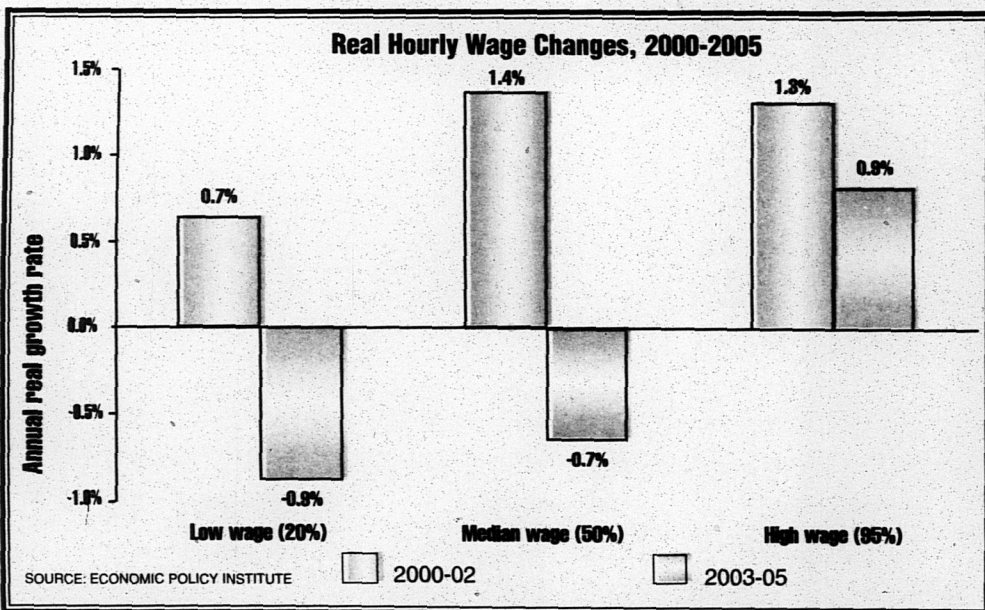
For comparison purposes, House's 2004 salary (2005 numbers won't be available until the company releases its proxy in a few weeks) was \$513,000 and she received a bonus of \$180,000, which was described as "slightly above target levels." So figure on at least \$1.3 million in walking-away money.

Over at the New York Times, meanwhile, which went through two rounds of staff reductions of approximately 700 employees over the past year, the company's chief executive, Janet Robinson, received a 2005 stock award of 74,000 shares, then worth nearly \$2 million. She also received 149,000 stock options. Publisher Arthur Sulzberger Jr., meanwhile, was awarded 30,000 shares outright and another 157,000 or so stock options. Other executives received from 1,750 to 12,000 shares.

As is usual in such circumstances, a Times spokeswoman (among those who received one of the stock awards) explained that the bonuses are designed to motivate senior managers. By most yardsticks, however, one would have to conclude the method isn't working. Aside from the layoffs inflicted at all of the companies mentioned, circulation has plunged and stock prices—reflecting Wall Street's grading of management—have dropped even more precipitously.

Over the past two years, both Dow Jones and New York Times have seen a steady downward march in their share stock prices. New York Times shares, for example, opened 2004 at around \$47, began last year at about \$40 and closed Jan. 13 of this year at \$27.52. Dow Jones, meanwhile, has gone from \$50 to \$42 to \$38 a share in the same period.

Perhaps bigger stock awards would turn the tide.



How're we doing? Not so hot

Despite an ostensibly improved job picture—unemployment below 5%, although that number doesn't account for those who simply drop out of the workforce—wage growth has failed to keep pace with inflation. That weakness, moreover, exists despite strong growth in labor productivity.

As reported by the Economic Policy Institute, enough slack remains in the job market to dampen nominal wage growth. The momentum of wage gains that began in the tight job market of the late 1990s kept real wages rising through 2003, but the economic slump that started with the first Bush administration ultimately outpaced nominal wage growth. But workers took a second hit from an accelerated rate of inflation, which last year took an even bigger hiccup because of a spike in energy prices.

Nominal wages are wages unadjusted for inflation.

The nominal median wage grew 3.6% in the three years through 2002, but inflation trimmed that to a real gain of only 1.4%. Over the most recent three years, however, nominal median wages rose only 2.4%—with inflation trimming that to a real loss of 0.7% in buying power.

The changes were more extreme at opposite ends of the economic scale, with low wage earners seeing an even steeper loss of real income; the highest wage earners, on the other hand, managed a modest increase in their living standards.

In addition to blaming a weak job market, EPI economist Jared Bernstein attributes the trend to the erosion of union power; the fall in the real value of the minimum wage; the growing imbalance in international trade; and the off-shoring of white-collar jobs. (For more discussion of these issues, see p. 7.)

They're smelling a rat in Bean-town . . .

Taking on the role of "Scrooge," The Boston Globe announced this past holiday season that it is outsourcing the entire maintenance department—threatening the livelihoods of some 90 workers, many of them long-time employees. The announcement followed six months of company denials to the Boston Newspaper Guild that it was contemplating such a change.

To be sure, the union agreed to subcontracting language in the 2004 collective bargaining agreement. "What the Globe won't acknowledge, however," said BNG President Daniel Totten, "is that the union reluctantly agreed to the language only after four years of grueling, intense negotiations which ultimately resulted in the company holding health care funding hostage in exchange for this language."

In fact, Totten added, "the fact that the Globe, in response to our questions, kept denying that there would be any outsource-

ing, that they were looking for more efficient ways to operate, shows how disingenuous and deceptive the Globe has been on this issue." The Boston Newspaper Guild, which represents some 1,100 blue- and-white-collar workers at the Globe, received the outsourcing announcement the day before Thanksgiving.

The local held a major rally and informational picket in front of the Globe building three days before Christmas, with members of other Globe unions—notably the Teamsters and Service Union workers—joining more than 150 Guild members to protest the outsourcing. Also participating were state AFL-CIO President Bob Haynes, Greater Boston Labor Council head Rich Rogers, Boston Firefighters Union President Ed Kelly, Jobs with Justice leader Russ Davis, Boston City Councilor Felix Arroyo and UMass/Boston union employees.

In addition, U.S. Senators Edward M.

Kennedy and John F. Kerry sent letters to Totten blasting the Globe's outsourcing of the maintenance workers.

Combating the Globe's efforts to destroy employees' holiday spirits, the BNG brought its own Santa Claus to the rally. But the image that best described the Globe's actions was a huge, inflated rat that reached high enough to virtually peer into the upper-floor windows of a Globe dining room, where management had scheduled a champagne luncheon. Upon seeing the huge rat, Globe publisher Richard Gilman postponed the affair.

The next day, through his HR reps, Gilman extended an offer that the union easily refused: give the maintenance workers a month's more severance in exchange for the Guild's agreement to never again demonstrate over outsourcing. "There's no way we'll ever agree not to speak out for our people," Totten said.

The BNG had requested enhanced buyout provisions of one year's severance pay and one year of company-paid health care for maintenance employees with 15 years or more service; the company countered with offers of eight months of pay and eight of health care.

The company's lack of candor about outsourcing has cast a shadow over its relationship with the local, which now is questioning its honesty. The Guild, for example, has requested clarification of recent rumors that the Globe may be up for sale, but the hostility of the denial it received has only com-



Santa Claus—in reality retired Globe salesperson Charlie Penders—left the reindeer at home but brought a different four-footed critter to the picket.



Boston Guild members protest outsourcing; local president Dan Totten is at right.

In Gary, new management but old playbook

On one of the busiest shopping days of the year, members of the Gary Newspaper Guild conducted an informational picket at the entrance of the area's largest mall within view of their employer's main office. Members took time from their own holiday preparations to stand on the corners surrounding Westfield Shoppingtown Southlake in Merrillville, Ind., where they distributed fliers informing residents about the lack of progress in contract talks with Hollinger International's Post-Tribune.

Although Hollinger claim its old ways of doing business—established by indicted former executives David Radler and Conrad Black—are now history, any alleged changes have not filtered down to the company's relationship with its Guild-represented employees, according to the local's president, Lori Caldwell. "If the Hollinger name sounds familiar, it's because the top men in the company, including our publisher's mentor, have been charged in federal court with stealing millions of dollars from the business," she said. "We believe that if company officials were able to steal millions and Hollinger was still able to operate at a profit, then there is certainly money to give us a cost-of-living raise."

Leaflets distributed by the picketing Guild members accused Hollinger of foot-dragging in contract talks. "Since our contract expired in April, they have not yet offered one cent in guaranteed raises, yet our health insurance costs will increase 14.7% next year," the leaflets noted. "We have no pension. And after agreeing to designate 1% of our last pay raise in deferred wages for a 401(k) account, our publisher, Boni Fine, discontinued the practice after

one deposit, claiming it wasn't intended to be an annual contribution. . . . We're wondering how someone who has attained such a powerful position can renege on such a basic promise."

The Gary Guild's expired contract was achieved in 2003 after five years of bargaining, following Hollinger's purchase of the Post-Tribune from Knight Ridder. Even then,

many basic contract provisions were stripped out of the final agreement, including dues check-off, a closed shop and annual raises. And while Fine instituted merit pay increases for Guild members, offering 2% of the newsroom payroll to be divided among members, a Guild survey found there was little relationship between job performance reviews and the amount of raises, which

averaged a bit less than 2%.

The Gary local represents reporters, photographers, copy editors, editorial assistants and librarians at the Post-Tribune, Northwest Indiana's only unionized daily newspaper. Shoppers who received the leaflets were asked to contact either Caldwell or Fine to show their support for the union's demands for an equitable settlement.



Members of the Gary Newspaper Guild take their grievance to the streets, protesting Hollinger's foot-dragging in contract talks.

Guild, CWA need better integration

[As unions struggle for relevance and working people shudder under a constant assault on their well-being, the CWA and its affiliates have undertaken a far-reaching self-examination. Separate meetings of TNG-CWA district councils, staff members and the Sector Executive Council have discussed the union's priorities, structure and goals; additional discussions are expected in the months ahead, culminating in a series of proposals at the CWA convention in July—to be followed by more discussion and debate.]

How all this will end is anyone's guess, but one thing is certain: changes, possibly huge changes, are coming. And if Guild members expect to be happy with the outcome, it's imperative that they join in the dialogue sooner rather than later.

Among those trying to jumpstart the discussion in his own local is Mike Ulreich, from whose internet posting the following is adapted.]

By Michael Ulreich
President, Chicago Newspaper Guild

It seems like the underlying theme of every union meeting I've ever attended, on a regional or national basis, has been the decline of union power in America.

Over and over, year after year, we're given the same depressing statistics. Every year the percentage of American workers with union representation seems to decline even as labor leaders thrash about in their quest to find solutions. Focus groups are convened, local leaders are polled and are then asked to inspire their members to go out and organize.

The Communications Workers of America has just embarked on the latest of these quests, to discover what it would take to convince American workers that labor unions remain the only way that they can obtain the respect they need in the corporate boardrooms and government offices that are now deciding their fate. The CWA also wants to examine its own operations to determine how it can reinvent itself to more effectively serve its members.

The last time the CWA engaged in such a process was in 1981 when convention delegates organized a committee on the future. Twenty-four years later, the future is now. . . .

During the first week of October, as Delphi workers were being asked to take horrendous pay cuts to avert bankruptcy, Guild executive director Jerry Minkinen and I attended a meeting of the CWA's new regional leaders in District 4.

As representatives of the Chicago local of The Newspaper Guild, officially a CWA sector union, we sometimes feel like outsiders. The CWA is a union of mostly telephone workers that has expanded into other ventures, such as wireless communication, cable and, yes, newspapers, and its meetings tend to be overloaded with information regarding firms such as SBC, Verizon and Cingular. The trip to Detroit confirmed our belief that the CWA needs to do a better job of integrating its rank-and-file members with non-telephone workers at all its union functions, as the following examples may illustrate.

Now under a new regime, CWA had let us know that this district council meeting was going to be different. Yet Jerry and I spent the first day listening to speeches—nothing too different about that—and the next morning attended two only mildly interesting workshops. An afternoon session on CWA bargaining didn't remotely touch on our concerns.

The conference featured opening speeches by four men: Seth Rosen, the new vice president of CWA District 4; the man he replaced, now CWA's executive vice president, Jeff Rechenbach; Jim Clark, president of the IUE; and CWA's new president, Philadelphia native Larry Cohen. Rechenbach and Rosen both began their union involvement at Ohio Bell Telephone. Cohen began his union career as a public employee in New Jersey, where he helped organize 36,000 state workers.

"I thought I'd start out with just one modest goal—to change the world," said Rosen of his early career in union organiz-

ing. Now, he added, "We're going to try some different things. We're not going to be afraid of trying different things in this district."

But among the examples Rosen offered is a streamlining of the grievance and arbitration system for District 4 members. That would have virtually no effect on our local, where the Guild's executive board decides arbitration issues; CWA, on the other hand, currently requires its members to send grievances through the district. So that's one change that will have minimal impact on us.

Rosen is an intelligent, gregarious and fun-loving labor leader. In fact, the District 4 staff are all very friendly and competent people, and we as an affiliated union need to find a way to better integrate and use the CWA's resources. Jerry and I have long been communicating with our CWA colleagues and we probably have one of the best relationships with the CWA of any Newspaper Guild local. But despite all that, one of the questions we constantly confront is: How do we improve our relationship and become one as a union without losing our individual identity?

The District 4 discussion was followed the next month by a more intimate exchange at a Midwest District Council meeting. We met in Sheboygan because the president of the Sheboygan local, Amy Bahr, was fired—as was the local's vice-chairman—for allegedly laughing at an obituary photo. In fact, she was targeted by the Gannett organization for being a well-known and competent union leader. The Guild filed grievances in both cases.

The Guild uses district council meetings to touch base with union leaders in the same part of the country; the Saturday meetings usually have an agenda of newspaper- and union-related issues. TNG President Linda Foley used this particular meeting to address concerns people have expressed that the CWA, through its new initiative, may try to consolidate its various affiliates, including the Newspaper Guild.

"I don't think CWA has successfully figured out how to effectively combine all the

sectors," Foley said. "They need to know that we bring a lot to the table and that we're all a lot stronger working together."

Foley then said that the new CWA initiative, variously known as "Resolution One" and "Ready for the Future," may be a way to steer the cumbersome communications union in a different direction. "This should be a signal to you and your members that CWA is going to change the way it does business," she advised. Among the questions the initiative has raised: What do our local unions need to do to be more effective? What can TNG do to make locals more effective? And what can CWA do to make locals more effective?

In response, here are some ideas off the top of my head:

The CWA's famous "triangle" of Organizing, Political/Community Action and Bargaining/Representation needs to be rethought and recast into something that better represents the myriad difficulties and challenges facing not just unions but working people in this country.

Labor unions need to rally around every issue that affects working people—not just traditional union issues, but the core concerns of America's laboring class. This includes problems like health insurance, disappearing pensions, the attack on Social Security and even foreign policy matters, especially when they result in the premature deaths of our sons and daughters overseas.

A union has to care about all the people. We need to become the voice of working people and find and implement solid answers to the problems facing all people before we can expect them to join our cause. We certainly can't be wedded to politics as usual, with the union movement acting as just another lobbying group looking after its own self-interest.

Until we really are Ready for the Future and take decisive actions to further our cause, our numbers will continue to decline while our problems grow and the union movement becomes just another anachronism on the road to corporate utopia.

What's it mean to be a Guild member?

[Although TNG lost an organizing drive at Eagle-Tribune Publishing in Massachusetts, the campaign elicited quite a few letters from Guild members around the U.S. and Canada explaining why they see value in being union members. Excerpts follow.]

Dear Eagle Tribune employees,

My name is **Barbara Bradley**, I'm a reporter, a Republican, very pro-business, and not at all the "union" type. But I've been a member of the Memphis Newspaper Guild for 23 years.

We work today in a constantly shifting business landscape. Talent means less, and loyalty means nothing. You may easily end up being no more than a line in some stock holder's portfolio. It is happening at our newspaper now. Our very best workers are the least valued, simply because they are older. The company is doing its best to move them out.

You do not want to be totally at the mercy of such forces. You need some degree of protection. The Guild can provide it. Don't be afraid.

Dear Eagle Tribune,

Before the Guild, no one received overtime for extra hours worked, regardless of how many days those hours represented. Employees were expected to work weekends and evenings to complete their projects without complaint and without pay. Having CMG at TVOntario has created a complete

change in the workplace: more fairness, better salaries, more structure with enforceable rules, and a much more unified mood and milieu among employees.

Carol Burtin Fripp, TV Ontario

When I first started at the New Hampshire Union Leader some 19 years ago, I really resented paying hundreds of dollars in dues to the union. I had worked at a number of non-unionized papers and had never before needed a union to keep my job or advance within the paper. Frankly, when I came here I viewed the union as a meddling "Big Brother," out to impose needless rules and regulations.

Over the years that view has changed, as I have come to better understand the role the union has played in helping make the Union Leader such a great place. I do not know of one other newspaper this size that pays as well, offers such great benefits or treats its employees as humanely. That's in very large part because every three years, the union sits down with managers to reach an agreement on pay, benefits and working conditions. It's a very tense process, but the end result is a clear and concise contract that sets forth fair playing rules for managers and workers. . . .

Jeanne Morris, Reporter
New Hampshire Union Leader

Dear Eagle Tribune workers,
Without the Providence Newspaper Guild, I have no doubt I would have lost my

job when management retaliated against me.

In 2001, the managers put me, a 25-year, award-winning Journal reporter, on the rookie night cops shift after a petition on my behalf was circulated throughout the news staff.

The petition opposed management's decision to take me off a story about a domestic violence victim, after she complained to editors about stories I had written on her husband's 12-year-plus history of assaults and abuse against women. Though the editors had no quarrel with the stories—which were based entirely on court documents, detectives' affidavits and conversations with prison officials—the editors were concerned because the woman was black, and were afraid that she would "march" on the Journal with the NAACP or other advocacy groups and bring bad publicity. Over my protests, editors issued a "correction" on one of the stories and told the woman I would no longer be covering her case.

The Newspaper Guild brought a grievance against the company on my behalf; a federal labor administrative law judge found that the petition was concerted protected activity, and ruled in my favor. The judge also found that the company set out to punish and in effect, demote me. He ordered me reinstated; the company appealed, but finally agreed to abide by the judge's ruling as part of our contract settlement some eight months later.

I would not have had the emotional wherewithal to continue without the Guild's legal and moral support. I have no doubt they

rescued my job.

The Guild also withstood management's heavy-handed attempts to divide and conquer the union during our most recent contract negotiations, and secured a better deal by rejecting their first offer.

My first-hand experience brought home the necessity and power of a union. And though times are extremely difficult in this industry right now, without a union on our side, we would be in far greater jeopardy of our jobs.

Sincerely, **Karen Lee Ziner**

... Here's the simple truth: The Guild is not a group of outsiders who come in to cause problems at your workplace. The union begins with you: It is you and your colleagues getting together to improve your pay and working conditions. It's that simple. Ignore the blather and focus on that: The union isn't an outsider. It is all of you, joining together to better your lives.

Here's what your bosses won't tell you: Union jobs pay more. They offer better benefits. If you get disciplined and you think it's unfair, someone is there to argue on your behalf. You may be told the union only represents those who are incompetent. Here's a question to ask them: How many incompetent people a year do they hire? Managers do the hiring, so if they have a staff full of incompetent people, whose fault is that? . . .

Tim O'Brien, President
Albany Newspaper Guild

LOOKING AHEAD

Knight Ridder's in play, so we must play, too

By Linda Foley, President, and Bernie Lunzer, Secretary-Treasurer

When Knight Ridder, one of the largest employers of Guild members in the United States, announced it was taking bids for a potential sale of the company several weeks ago, we had a choice.

We could have clenched our teeth, locked arms and hunkered down, girding ourselves for a potential battle to defend our contracts and the rights of our members. In other words, we could have played defense.

Or we could choose to be more aggressive and take some control over our collective fates. We could play offense.

As it is, we're not only playing offense, we're throwing a touchdown pass. The Finance Committee of TNG-CWA's Executive Council authorized us to hire two experts in employee ownership and financing, Ownership Associates of Cambridge, MA and Duff & Phelps Securities LLC of Chicago. They are assisting the Guild and its Knight Ridder members in pursuit of an employee buyout of nine unionized properties.

This is an important undertaking, and despite what you may have read, there is a real possibility it will go forward. But let's be clear about the kind of deal we're talking about. This effort will not result in our union owning any part of Knight Ridder. If we assemble a successful bid, it is the employees—not the Guild—who will be buying these newspapers,

investing side by side with "worker friendly" private equity firms.

The future of any newly acquired properties will hinge on a business plan developed by an assembled management team, albeit with input from prospective employee-owners. The new company will negotiate labor agreements with TNG-CWA, and the employees will be both owners and union members.

We believe strongly in the future of the properties involved: Akron Beacon Journal, Duluth News Tribune, Grand Forks Herald, Lexington Herald-Leader, Monterey Herald, Philadelphia Inquirer and Daily News, St. Paul Pioneer Press and San Jose Mercury News. Despite what certain Wall Street investors have intimated, we know these papers can produce quality journalism and turn a profit.

Our effort is really a mobilization, designed to allow our members to take control of their future—a future that doesn't have to compromise content quality and community service for efficiency and profitability.

There are many examples of newspapers, both on the web and on paper, that continue



drawing readers who want news that's objective, well-written and well-edited. Surveys show that newspaper brands in the marketplace continue to be the primary places people go when they need solid information. So we believe there is a market for hard news, for something more than talking heads and opinionated bloggers.

To be sure, the newspaper distribution channel will continue to digitize, but that evolution is an opportunity, not a barrier. When you consider the number of readers consuming our members' work on the web, in addition to the traditional product, newspaper readership has never been higher.

Employees with a substantial equity stake will be best positioned to understand how to take advantage of this exposure. The other choice, as put forth in a widely circulated report by Morgan Stanley, is to allow these papers to be purchased by the kinds of corpo-

rate owners who would further cut jobs and destroy their vitality. That approach will result not only in the destruction of these newspapers, but of the public discourse in the communities they serve.

The Guild has invested in a process that will take some time to play out. The ultimate disposition of Knight Ridder could take many forms, and at the end of the day, employee ownership may not be a prominent feature of the future corporation. But regardless of the final ownership structure, our efforts now will help energize those members and educate their communities, so the end result isn't fewer jobs, weaker papers and no future.

We understand this is a business, but it is a business like few others. We know that in these difficult times, citizens want and need good information, and therefore will support quality newspapers and web operations. In fact, we're betting on it.

Global economy flying on one engine—you

By Thomas I. Palley
Special to Press Associates, Inc.

For the past five years, the global economy has been flying on one engine. That engine is the U.S. consumer, who has been on a consumption binge financed by borrowing, in turn backed by a housing price bubble. This situation poses the threat of a serious hard landing when that engine eventually stalls, as it must.

Ever-inflating house prices and rising debt-to-income levels are not sustainable. And as the late Herbert Stein, Chairman of President Nixon's Council of Economic Advisers, wryly observed: "If something cannot go on forever, it will stop."

This view, regarding the global economy's excessive dependence on the U.S. and the financial fragility of the U.S. economy, is not held just by progressive economists. It is also shared by Wall Street. Thus, Stephen Roach, chief economist for Morgan Stanley, wrote Nov. 4 in the Financial Times: "There is now about a 40% probability of a hard landing in the next twelve months." And in a research brief, Roach singles out China as being particularly dependent on the U.S.: "China's export prowess is balanced on the head of a pin—a pin made in America. Fully 35% of Chinese exports go to the United States."

Roach's Wall Street warnings are sober-

ing. But they miss a more profound point: The global economy is headed in the wrong direction, hollowing out the U.S. middle class while failing to create a big enough middle class in the developing world.

That hollowing-out process has long been visible in U.S. statistics on wages and family income distribution [see page 4], and it has been rendered keenly concrete by Delphi Corp.'s recent bankruptcy filing. It is only because of successive stock market and housing price bubbles, combined with a massive increase in consumer access to credit, that the hollowing-out has not been worse.

A major cause of these dangerous trends is the flawed structure of the global economy. Spurred by our own policy makers, the International Monetary Fund and the World Bank, developing countries adopted an export-led approach to manufacturing growth and development.

This approach has two critical features. First, countries rely on selling in foreign markets rather than their own domestic markets. Second, countries use under-valued exchange rates to subsidize their products, thereby making them hyper-competitive. China exemplifies this model, exporting over half of its manufacturing output and having an exchange rate that is up to 40% undervalued.

A focus on export-led growth has distorted the global economy. First, it created the

global financial imbalances that Wall Street is so apprehensive about, manifested in the record U.S. trade deficit. Second, U.S. manufacturing has been undermined by unfair competition subsidized by under-valued currencies. This in turn accelerated the hollowing of America's middle class.

Third, export-led growth promotes the global race-to-the-bottom, since countries look for an international competitive advantage however possible. Consequently, workplace standards, wages and the environment are all subject to persistent retrograde pressures, impeding the development of a middle class in developing countries.

The implication is that the global economy must shift from export-led development to domestic market-led development. In an export-led world, higher wages undermine employment. In a domestic market-led world, higher wages can promote employment. This is where labor standards and unions enter.

The challenge is to establish a system that has wages rising with productivity so that workers can buy what they produce, rather than dumping it on world markets. Setting wages by government edict does not work. Labor standards and unions are the way forward, since they provide a decentralized mechanism that links wages and productivity through collective bargaining. History supports this. Every country that has

ever made the transition to developed industrialized status has traveled this route.

China is the poster-child for export-led manufacturing growth. It has the most undervalued exchange rate, the worst labor repression, and is by far the largest developing country exporter. As such, China is the gravitational attractor for the race to the bottom. Other countries must change, but can only do so if China changes, so none lose relative competitive advantage. If China revalues its exchange rate, other East Asian countries can do so. Likewise, if China raises wages, so too can the others.

One area where China shows leadership is its stated commitment to increase social spending. This will be good for China's citizens, and it will also contribute to incomes and domestic demand there, which will be good for the global economy. However, there is a problem unique to China: Labor standards and trade unions are key to domestic market-led development, but China's political system prevents them. That creates an additional political roadblock that must be solved. Democratic reform in China is not a nicety. It is a necessity for the global economy to work.

Palley is former chief economist of the AFL-CIO and former chief economist of the U.S.-China Commission. His other analyses can be read at www.thomaspalley.com.

The mission of The Guild Reporter, approved May, 2004 by the TNG-CWA Executive Council, is as follows:

"As stated in the TNG-CWA Constitution, 'It shall be the duty of The Guild Reporter to promote in every legitimate way the policies of TNG-CWA.' The Guild Reporter belongs to the rank-and-file membership of TNG-CWA.

"Guild Reporter content will be of interest to the members,

and its first priority will be current news affecting the locals. The members of this union expect The Guild Reporter to inform, motivate and challenge its readers.

"To maintain its journalistic integrity and traditions, The Guild Reporter must never become a personal political platform or be misused for internal political purposes by the elected leadership of TNG-CWA."

By TNG Convention action, letters to the editor shall be limited to 200 words and shall avoid libel and subjects detrimental to the Guild. Members subjected to personal attack shall be given opportunity to reply in the same issue, but publication of either attack or reply shall not be delayed longer than one issue. Deadline for letters and articles: Friday before publication. (Next deadline: February 10.)

Guild pension: gift that keeps on giving

By Lou Calvert

Guild Retiree, San Jose Local 39098

There is a beer-can foam cozy I use that sums it up: "RETIRED—twice the time, half the money." But half the money (Guild-negotiated pension + Social Security + a meager distribution from my 2001 incentive buyout) is enough to allow me to do really cool things. Such as: be a Red Cross volunteer in the wake of Hurricane Katrina.

The newspaper of Tuesday, Aug. 30, was filled with stories about the incredible destruction that Katrina had wrought along the Gulf Coast. Included was a story about the Santa Clara Valley chapter of the American Red Cross marshalling folks to go help. "What the heck, I'm just painting the house—I can let that slide," I reasoned as I made an inquiring telephone call.

Two hours later a volunteer called and asked a few questions: "What do you do in real life?" (Retired.) "Before you retired?" (An editor at the Mercury News.) "Any special skills?" (Well, I like to party.) "Besides that?" (Carpentry, plumbing, some electrical, shoveling, cooking, organizing.) "OK, when can you come to two days of classes?" (Today?) "Too late for today. How about tomorrow and Thursday, 8 to 5?" (Fine. See you then.)

Registration and an overview of the Red Cross mission took up the first half-day. The balance was spent learning what to expect in a disaster zone, how to steel yourself for the mental trauma of dealing with hundreds—if not thousands—of displaced folks, and what to pack when heading into a still unknown situation. The classes, normally conducted for five or six people at a time, were bursting with about 100 responders and more were calling all the time, forcing the local chapter to cut off applicants before the weekend. And this was happening all across the United States, I later found out.

Thursday night I booked a flight to Houston, and the next day recognized several of my classmates on the same flight. When we gathered at the Houston Airport Marriott on Saturday, we were joined by hundreds of other volunteers from all over the country. We were divided into teams of three and given a rental car and a crudely drawn map to the Baton Rouge Red Cross headquarters of the Louisiana disaster relief operation, a five-hour drive away. (I felt right at home at the temporary headquarters: the International Brotherhood of Electrical Workers.)



Lou Calvert is flanked by medical volunteers working the night shift in early September at the Red Cross shelter in Thibodaux, La., including (left to right) Ben Marsh, Lauren Jones, Stephanie Alford and Dr. John Ganim. The physician and nurses are an emergency room team from a hospital in northern Kentucky, near Cincinnati.

Saturday night was spent in the meeting hall of a nearby First Baptist Church with a hundred of my new closest friends. Other churches throughout Baton Rouge were similarly packed.

By this time many of us were grousing about how long it was taking to get to the actual disaster area with real assignments. The experience was just what I remembered about the military: Hurry up and wait.

A return to the IBEW hall Sunday morning put us into random, larger teams of eight, with my team instructed to travel convoy-style in our three rental cars to Franklin, a tiny town in St. Mary Parish. Our assignment: nine churches had each established shelters for about 25 evacuees each. We were to scope out the town, identify a suitable building and establish a new shelter to house all 225 folks. Here, the story takes an ugly turn that diplomacy dictates I gloss over: let's just say communications broke down and my team disintegrated. By the time a new assignment was issued and we reached our next station, a First Baptist

Church in Gray, about 40 miles southwest of New Orleans, we were down to three team members.

But, finally, we were where we could help.

Nearby, in Thibodaux, local government emergency services had established a shelter at Nicholls State University comprising two gymnasiums and a multi-story medical facility. The population stood at about 1,100 when we arrived. Most were refugees from the Louisiana Superdome, so not only had they been traumatized by unsuccessfully fleeing Katrina's wrath, but they also had been crammed into a building with no power and little water or food for four days before being bused to other locations. The Thibodaux Cajun community—volunteers and government workers—and National Guard units from Alexandria, in the central part of the state, were dispensing excellent care by the time the Red Cross was ready to assume control.

My job: a 12-hour night shift, starting at 7 p.m., ministering to the needs of hundreds

of children, mothers, dads, grandparents, extended families and single folks whose lives had been uprooted by a disastrous act of nature. The one thing they had in common was their economic status: they were poor. Which explains why they couldn't get away. Many had no cars. Others had vehicles, but simply had run out of gas while mired in the horrendous traffic jam of others trying to flee inland.

Still others found themselves in the wrong place at the wrong time. One man I met was from St. Croix, in the Virgin Islands, who had flown into New Orleans to visit a long-time friend. He arrived on Friday, barely a day ahead of the hurricane, and never got to see his friend. But he was a bright spot in the shelter, always with a smile and a willingness to help out, even though he was a displaced person himself. He quickly volunteered to hand out bottled water from the canopy just across the street from the often stifling hot gymnasiums.

The National Guard unit from Alexandria that kept constant watch over the operation was impressive. It had been on campus early on and permitted no monkey business, while also being tender and caring to those who were not troublemakers. One young soldier, overheard making a disparaging remark about the individuals he was overseeing, was quickly and thoroughly reprimanded by his sergeant. "These are Americans!" he was reminded. "You will treat them with dignity and respect or you will have to answer to me." The younger soldier hastily nodded agreement and was later seen being as kind and attentive as other members of his unit.

There were some shelter residents I never saw sleeping. It was probably the same in their New Orleans' neighborhood, sitting outside all night long, swatting away insects, telling stories, smoking and drinking from the rarely-empty coffee pot. Many had wonderful attitudes about their plight, most likely just the newest bump in a lifelong journey over an extremely rough road. Most were philosophical: "At least I'm still alive."

Others, of course, were angry. And they aimed their ire squarely at the institutions that had failed them.

I met many marvelous people during my three-week tour of duty. The "clients"—how the Red Cross refers to those it is helping—were mostly Creoles who were grateful, entertaining, disturbing, magnificent individuals who just needed a helping hand . . .

... one made possible by my Guild's benefits.

THE GUILD Reporter

(See box on page 2 for address or other subscription changes or cancellations.)

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DAYBOOK

Deadline for Broun, Barr nominations: Jan. 27

Great Lakes District Council,
 Jan. 27-29, Pittsburgh

Midwest District Council,
 Feb. 10-12, Twin Cities, MN

New Local Officers Seminar,
 Feb. 17-20, Silver Spring, MD

New England District Council,
 Feb. 25-26, Providence

Mid-Atlantic, Southern Councils,
 March 3-5, Memphis

Celebration of Liberty dinner,
 March 4, Memphis

CWA Leg.-Political Conference,
 March 12-15, Washington, DC

Knight Ridder Council,
 March 17-19, San Jose

Western District Council,
 April 1-2, San Francisco

FROM THE MORGUE

Seventy years ago this month:

Addressing the New York Guild, mineworkers president John L. Lewis urges all working people to recognize that they must save themselves from the breakdown in management by building up the labor movement. . . . The Guild receives "indications," in response to an open letter to President Roosevelt, that several thousand additional unemployed writers and newspapermen will be placed on WPA writers' projects. . . . The New York Guild petitions the Guild's executive board to broaden membership eligibility so college editors and reporters can join.

Fifty years ago this month:

Despite its claims to the contrary, the Internal Security Subcommittee's hearings on communist infiltration of the press clearly target the New York Times. The Times responds that it is in the crosshairs because of its "opposition of many of the things" supported by subcommittee members, including segregation, congressional abuses, the McCarran Immigration Act and "a 'security system' which conceals the accuser from his victim." . . . The independent Hawaii Newspaper Guild votes to seek affiliation. . . . A six-week lockout ends at Detroit's three dailies.

Twenty-five years ago this month:

A front-page Guild Reporter article by Ben Bagdikian concludes that obits for the newspaper industry are premature, Knight-Ridder's experimental 'Viewtron' notwithstanding. . . . The Seattle Times and Post-Intelligencer announce plans to form a joint publishing operation. . . . A royal commission resumes its inquiry into Canadian newspaper concentration.

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