

...Tax breaks for billionaires

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giant Blackstone recently purchased a 7 percent stake in Deutsche Telecom.

"This story sounds all too familiar to us. In the late 1980s and early 1990s, the largest leveraged buyout (LBO), RJR-Nabisco, resulted in 43,000 lost jobs. Another large LBO of that era, Safeway, began with mass layoffs in the late 1980s and ended with an attack on employer-provided health care that led to a prolonged strike in Southern California in 2004.

"In 2005, a private equity firm bought up a whole string of largely mothballed coal mines, reopened the mines and then took those mines public as International Coal Group. The International Coal Group bragged about its safety record in the public offering, then six weeks after the offering closed, twelve miners died in the International Coal Group's Sago Mine.

"So the booming growth of private equity funds, the magnitude of their financial resources, and their disregard, if not disdain, for the labor movement, is the real issue for us — the predatory role of private equity players like

Blackstone, KKR (Kohlberg Kravis Roberts and Company) and Texas Pacific.

"Their business strategy puts them inherently at odds with the workers' interest in maintaining living standards, and at odds with our members' interest in having employers and pension funds that focus on long-term value.

"The AFL-CIO Executive Council recently passed our first resolution on this question, demanding action by Congress — now that we have a Congress that listens to the concerns of working families.

"We will insist that Congress require private pools of capital to play by the same societal rules that others adhere to.

"We will demand the same measure of worker participation in corporate governance that we do in public corporations.

"On top of that, we must insist on hedge fund and private equity transparency, labor force consultation, and adequate labor, health, safety, environmental and management standards.

"That's why just this past week the

AFL-CIO publicly challenged the flawed \$4 billion initial public offering of buyout firm Blackstone.

"We called upon our regulator, the Securities and Exchange Commission, to enforce the law in examining whether Blackstone should be subject to stricter regulation as an investment company. We are also communicating with investors (both pension funds and individuals) regarding the serious concerns we have with the governance and tax treatment of this offering.

"If Blackstone can avoid necessary oversight, it's only a matter of time before hedge funds and other investment pools use similar strategies to avoid regulation and disclosure requirements.

"Not on our watch.

"Finally, we are calling upon our Congress to take a closer look at the tax treatment of private equity and the large cut of all profits (typically 20 percent — called the "carry") that private equity firms typically take.

"I cannot emphasize strongly enough the degree to which the ten million members of the AFL-CIO

stand shoulder to shoulder with you as we confront the threats posed by a global economy that is regulated solely in the interests of financiers, with little or no regard for the economic and social consequences that financialization is imposing on societies.

"From our standpoint, we are encouraged by the remarkable progress you are making in shaping the public debate, in particular your call of the G-8 heads of state to work on new transparency and tax rules for private equity.

"A rising chorus in Europe is challenging the private equity worldview that companies are simply a collection of assets to be bought and sold, instead of being treated as social institutions and long-term wealth creators.

"Your work has identified the core challenge and the necessary response: the rise of private equity is a symptom of globalization, and the public policy and global union response must be supranational in scope. The OECD meeting on private equity was a very

helpful start of an international campaign to regulate private equity and hedge fund investment.

"I hope this forum will allow us to explore the ways that we can stand together, confront this threat and continue to move the debate forward.

"We believe the AFL-CIO can play an essential role in supporting the European Trade Union Confederation and the international labor movement's response to hedge funds and private equity.

"In particular, we are focused on three critical areas of engagement with private equity: in the workplace, in the capital markets, and with regulators and public officials in the policy realm.

"We can only do these things if we capitalize on our power and make working people and their concerns the center of the debate.

"And the power we need can only come from the solidarity in our cause, and especially solidarity with our brothers and sisters across the globe."

To My
Good Friends in
Organized Labor
**Have a Great
Labor Day!**



When Unions Succeed,
Oregon Prospers!

**U.S. SENATOR
RON WYDEN**

*Paid for & authorized by Wyden for Senate
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**The strength,
prosperity, and
well-being of the
nation depend on
America's working
men and women.**

**Happy Labor Day
and
Thank You!**

**Peter DeFazio, Democrat
United States Congress
Oregon, District 4**

Paid for by DeFazio for Congress P.O. Box 1316, Springfield, Oregon 97477.

MORE THAN A CENTURY OF SERVICE ON BEHALF OF OREGON WORKERS

1887 — Oregon Becomes First State in the Nation to Honor Workers by Recognizing Labor Day.

1903 — Bureau of Labor Established.

2007 — Oregon Labor Commissioner Dan Gardner Proud to Protect the Rights of Oregon's Working Men, Women and Children.



**Oregon Labor Commissioner
Dan Gardner thanks all
Oregon workers
for their dedicated service
to their state and
their communities.**

Paid For by the Committee to Elect Dan Gardner