AFL-CIO shares its job stimulus plan with Obama

With unemployment officially topping 10 percent, and 15 million Americans out of work, Congress and the White House are feeling pressure to do more to stimulate jobs.

President Barack Obama put on a White House "Jobs Summit" Dec. 3, and invited labor and business leaders to share their ideas for how to create jobs. Labor had plenty.

AFL-CIO President Rich Trumka outlined a five-point jobs creation plan that calls on the government to:

- Extend the lifeline for jobless workers through one-year extension of unemployment benefits, food stamps and COBRA health insurance subsidies.
- Rebuild America's schools, roads and energy systems in a second stimulus bill focused just on jobs;
- Increase aid to state and local governments to maintain services and prevent layoffs that might occur when money from the first stimulus bill runs out in the middle of next year;
- Fund job creation through a 10 to 15 percent targeted jobs tax credit for the next two years; and
- Put Wall Street bailout funds to work for Main Street.

To pay for the effort, Trumka advocated taxing Wall Street transactions, a call echoed by Anna Burger, chair of the Change to Win labor federation.

Congressman Peter DeFazio (D-Ore.) has introduced a bill to do that. The "Let Wall Street Pay for the Restoration of Main Street Act" levies a 0.25 percent tax on stock transactions, and 0.02 percent on futures contracts, stock swaps, and credit default swaps. To exempt the middle class, the tax would be refunded for the first $100,000 of transactions, and would not be levied on transactions undertaken by retirement and other tax-deferred savings accounts. The bill's aim is to raise money — and discourage high-volume short-term speculative trading. The tax could raise $150 billion a year, of which the bill dedicates half to create jobs in infrastructure, and half to paying down the federal debt.

The United Kingdom currently has such a tax, and the United States had one from 1914 to 1966. The U.S. tax on sales or transfers of stock started out at 0.2 percent, and was more than doubled in 1932 to help with job creation during the Great Depression.

DeFazio's bill, HR 4191, had 27 co-sponsors in the House as of press time, though no others from Oregon or Washington.

Perhaps more likely to pass is a proposal from the Democratic House leadership for a jobs-focused "second stimulus" bill that would use unallocated or returned bank bailout funds, as Trumka advocated.

Congressman David Wu (D-Ore.) held a roundtable discussion on jobs Dec. 4 in Portland, and told participants that $70 billion is on the table from the bank bailout. At the urging of President George W. Bush, Democrats in Congress voted in October 2008 to authorize up to $700 billion for the Troubled Asset Relief Program (TARP). The program used public money to recapitalize banks. But not all the funds were used, and some banks have repaid the funds to get out of restrictions that were attached. Wu said there's no appetite in Congress to borrow more money for stimulus efforts, but there is support for spending unused TARP funds.

"Estimates are we've had a $2.5 trillion drop in demand in this economic downturn," Wu told the Northwest Labor Press. "The stimulus package was $787 billion, which is a lot, but it was less than one-third of the shortfall. I think the evidence is that the stimulus package was too small for the problem."

If that's the case, what are the chances a Round Two one-tenth that size will meet the need? The AFL-CIO estimates its "stimulus two" proposal would cost $400 billion to $500 billion.

Meanwhile, Congressman Phil Hare, (D-Illinois) is pushing legislation more closely modeled on FDR's New

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