

# What Obama could do for workers *without* Congress

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Associate Editor

It is sometimes said that President Barack Obama and the Democratic leadership can't do this or that for working Americans — can't make it easier for workers to unionize, can't spend what's needed on infrastructure, can't offer a public health insurance option — because Republicans won't let them. According to this view, the filibuster custom, which lets a minority of 40 Senate Republicans tie up Congress and halt progressive legislation, is holding "Change You Can Believe In" hostage.

But now, with support from the Change to Win labor federation and other labor organizations, the think tank Demos has teamed up with The American Prospect magazine to figure out what Obama *can* do, without waiting for Congress, to create good living-wage jobs. The result is a 23-page report entitled, "Jobs Well Done: What the Obama Administration can do for workers right now."

In a nutshell, the report proposes more aggressive enforcement of laws protecting workers, and use of federal government purchasing to raise workplace standards.

The authors are blunt in defining the problem. Adjusted for inflation, workers' median wages have not risen since the 1970s. Instead, three decades of productivity gains have swelled corporate profit margins and the uppermost incomes. Globalization is part of the reason, since more than a billion workers in Asia are willing to perform jobs once done by Americans, at far lower wages. But other important causes are the decline of union bargaining power, the failure of the minimum wage to keep pace with inflation, and too-lax enforcement of labor laws. In short, editor Robert Kuttner argues, government could be doing a great deal more to help today's workers secure their historic share of national productivity.

## HOLDING WAL-MART ACCOUNTABLE BY ENFORCING THE LAWS

"Raising the Wal-Mart wage ... is a key step in re-creating the broadly-shared prosperity America once enjoyed," writes contributor Harold Meyerson. "And the Wal-Mart wage is paid not just to the company's direct employees but to many of its competitors' employees and, in one form or another, to all those who work along its, and its competitors', supply chains."

In the report, Meyerson and other authors describe the elaborate system that nonunion WalMart and its big box retail competitors use to keep prices low and revenues high — by depressing wages and labor costs all along the supply chain. Chinese-made goods, unloaded in West Coast ports, are transported by port truckers who are wrongly classed as "independent contractors." Those goods are hauled to vast warehouses that are owned by commercial realtors, leased to logistics management companies, and staffed by hundreds of temp

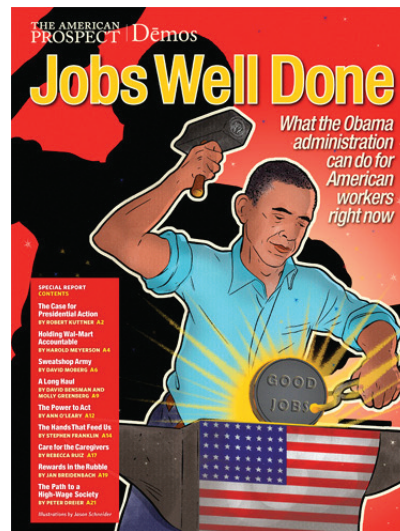
agencies using overwhelmingly immigrant and illegal immigrant labor. Warehouse employees may work year-round at the same warehouse, may cycle through 10 staffing agencies in five years, and yet be classified, wrongly, as temporary employees.

At no stage in this set-up is there any way for the workers to bargain for wage increases by unionizing in the normal way. Yet the road to a unionized WalMart, Meyerson argues, runs straight through these warehouses: "Shut down the temp warehouses, and WalMart's shelves will soon be bare." Against all these obstacles, Change to Win tried last year to unionize the industry, though so far without success.

What could Obama do to help? First, vigorously enforce the Fair Labor Standards Act (FLSA): Investigate and fine warehouse employers for minimum wage and overtime violations. Second, hold the big-box retailers accountable ... not the temp, logistics or real estate middlemen. After all, it's the retailers who set up and benefit from this system. For example, the Labor Department could use the FLSA's "hot goods" provision to seize goods produced under conditions that are prohibited by the act.

## USING GOVERNMENT PURCHASING TO SET A STANDARD

Every year the federal government spends half a trillion dollars on contracts



for goods and services from private companies. All told, 22 percent of American workers are employed by companies that do at least some business with the federal government. So the federal government has a huge potential influence on workplace rights and working conditions. But all too often, details author David Moberg, contracted work is ill-paid and abusive, and contractors lose no federal government business even when they violate federal labor laws. FedEx, for example, got \$1.5 billion in Pentagon contracts last year, despite its illegal practice of classifying employees as independent contractors to prevent them from unionizing and to avoid paying unemployment insurance, workers comp, and Social Security.

What could Obama do? Enact, by executive order, a government-wide "high-road" procurement policy. Such a policy would penalize corporate law-breakers, and reward responsible employers that offer higher pay and better benefits. Labor law violators would become ineligible for federal contracts, while good employer behavior would earn extra points on a procurement scoring system, making such companies more likely to get contracts. Each federal agency would have a procurement-standards enforcement representative, much as each agency now has a small business monitor. Obama could even require that federal contractors sign labor peace agreements — agreeing to remain neutral during union campaigns and to recognize a union if a majority of workers sign up for it. All this could be achieved by executive order, just as presidents Franklin Roosevelt and Lyndon Johnson used executive orders to require federal contractors to end discriminatory practices and institute affirmative action in hiring.

## THE ROAD AHEAD

So, "what are our friends in the White House waiting for?" asks author Peter Dreier. Enforcing labor laws and setting standards for government contractors would improve workers' ability to join unions and earn good wages, and that would be good for the economy as a whole, because it would strengthen

worker purchasing power and yield more in tax revenue to various levels of government.

Kuttner, the American Prospect editor, praises some tentative steps by the Obama administration toward better enforcement of labor laws, such as more funding for wage and hour inspections. As for contracting reforms, a proposed presidential order would set up a system giving modest preference to "high road" companies, but it's still working its way through the bureaucracy of the Office of Management and Budget after more than a year of internal debate. "Reportedly, the president has signed off on the concept, but the practical details are being challenged at each stage of review."

"What has not yet happened," Kuttner writes, "is a concerted, government-wide effort to target systematic violators of labor law and decent standards, or a personal commitment by the president of the United States to make higher wages a national priority."

Meyerson told the Labor Press it's too early to say what administration's response will be to the proposals, but its authors hoped that publishing the report would raise the profile of the ideas among people who will put pressure on the administration to enact them. He described the report's approach as an attempt to enact — on a federal level — reforms achieved at the municipal level by the "living wage" movement. Over

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Cement Masons Local #555, Trust Funds, Apprenticeship and Training Committee	International Union of Elevator Constructors Local #23	Plasterers Local #82
Construction & General Labor Local #320	Laborers	Regional Council of Carpenters
Drywall & Lathers Local #1144 Seattle	Marine Shipwrights Local #1184 Seattle	Roofers Local #49
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