Don't balance budget on backs of public workers

By KEN ALLEN

The election is (finally) behind us, a new governor will take office in January, and soon thereafter two important events will occur: the 2011 Oregon Legislature will convene, and the State of Oregon will sit down with our union and others to open bargaining on new contracts for state employees.

The Legislature being in session is an important backdrop in this round of negotiations, as it's well known the state faces serious budget challenges in the upcoming biennium. And, as is often the case, many are calling for the budget to be balanced on the backs of the state's workers, whom they see as overpaid.

There are two problems here. One, the state's budget gap of $3.2 billion is exponentially larger than the kind of numbers we'll be bargaining. Two, quite simply, state employees are not overpaid.

Indeed, there have been several independent confirmations that Oregon's state workers are in fact underpaid when properly compared to their counterparts in the private sector — including academic studies, a state report and exhaustive articles by both the Oregonian and the Salem Statesman Journal.

When I say "properly compared," the key component is examining jobs that require comparable education, experience and duties. It's this type of "apples to apples" comparison that's frequently lacking in debates of public vs. private sector compensation. Conservative talk show hosts, in particular, love to rail on about "average wages" of the public sector vs. the private sector, knowing full well that the private sector includes millions of entry level and/or otherwise minimum wage jobs not found in the public sector.

We understand these negotiations will be scrutinized closely. As you read and hear about them in the months to come, I ask you to keep these thoughts in mind:

In Oregon, state employees are under-compensated an average of 4 percent — again, relative to comparable people in the private sector. You can like that or not, but it's the statistical truth.

The key concept for making the comparison is total compensation — the combination of wages and benefits received. Historically, for a number of reasons, public employees have traditionally chosen to receive a higher percentage of their compensation in the form of benefits (which, of course, means their average salaries are even lower relative to the private sector). But total compensation is the true comparable tool.

Given the above, it is disingenuous to simply take a snapshot in time, look at one aspect of total compensation (read: benefits) and denounce that aspect as being "too high." Any such discussion must take place within a historical context.

A perfect example is the current debate over the 6 percent PERS pickup, which began in the 1979-81 state contract. Opponents of the pickup argue this benefit has grown to be "too much" — frequently they bemoan the fact that it has "compounded over all these years." But state employees gave up 6 percent in wages in exchange for the pickup, so if the pickup had never occurred, state wage schedules would have included that 6 percent compounded over the same number of years. In other words, it's a moot point from a financial impact standpoint.

Our state faces real budget issues, and our members understand this. We are working hard to help identify areas where the state can make savings, and we call on incoming Gov. Kitzhaber to listen to these ideas from frontline state employees. As we enter this crucial round of contract talks, we need to understand we're all in this together.

(Ken Allen is the Executive Director of Oregon AFSCME, and the union's chief negotiator in contract bargaining with the state.)

A call for a moratorium on Washington home foreclosures

By DAN LEAHY

Two days after the American people threw out the Democrats for their complicity in the trillion dollar bailout of the fraudulent financial sector, the Federal Reserve adds insult to injury by announcing another $600 billion gift that will give banks more free money for financial speculation.

Will the debt-ridden American homeowner, the laid-off worker or the credit-starved small business owner see any of this money?

The Fed says so. They said the same thing when they gave out $700 billion TARP funds under President Bush, $1.7 billion under President Obama and now $600 billion more. Why will it help us, we ask?

The Fed says the banks will take all that easy money and lend it to us. We'll take it and buy up homes. This will raise housing prices and that will get us out from under the negative equity one-third of the American homeowners finds themselves in.

The truth is, of course, banks did not start lending to us even after the Fed purchased their valueless mortgage backed securities for $1.7 trillion, even when the Fed let banks borrow at a close to a zero percent interest rate. And, they won't lend to us now. Why? They'll make more money buying up foreign assets in economies with high growth rates and speculating on foreign currencies. Obama left for Asia right after the election because that's where the $600 billion is headed.

What are we to do?

The underlying problem that the Fed and Obama refuse to face is that the debts caused by the fictitious housing bubble cannot be paid. People are broke, unemployed, and spending whatever income they have on housing costs and debt service. The banks have to write off this debt and start over. Obama and the bankers obviously did not hear the people on Nov. 2. Let's see if our state government can hear us.

We must ask the state to legislate an immediate five-year moratorium on home foreclosures that will stop any bank, trustee or servicer from moving forward with foreclosure proceedings against any owner-occupied home in Washington State. Included in this legislation must be a procedure for writing down mortgages when the market value of the home is less than the mortgage owed.

Such a moratorium will provide judicial and banking regulators sufficient time to assist homeowners in the negotiation of mortgages so people can begin making payments on real mortgages rather than on the inflated fictitious ones.

A moratorium will allow for the judicious investigation of foreclosure fraud by the state's attorney general so that those people who have purchased or want to purchase a foreclosed home can know with some assurance the sale won't be challenged in court.

Finally, a moratorium will give the citizens of Washington time to reassess their economic position without having to worry about losing their homes.

The foreclosure crisis is deepening and it's not going away. The Seattle-Tacoma-Bellevue metropolitan district had the largest annual increase in foreclosure activity this past year, according to the foreclosure listing firm Realty Trac. One in every 129 households received a foreclosure filing. Washington has the 14th highest foreclosure rate in the nation. The Center for Responsible Lending calculates a total of 132,092 foreclosures through 2012 and the loss of $19.5 billion in home equity wealth due to nearby foreclosures affecting 2,104,655 homes.

There is no way around it. We have to face reality. It was a housing bubble that allowed the big banks and their employees to make billions. It burst, and the bad debt they left us with cannot be paid. A statewide moratorium will provide us with time and a procedure to face that fact, write down the debt and get back to creating an economy that employs people at living wages.

(Editor's Note: Dan Leahy is a retired faculty member from The Evergreen State College where he taught for 25 years primarily in the political economy and social movement curriculum. He lives on the westside of Olympia.)

Open Forum

Raise dividend tax to bolster S.S.

To The Editor:

A lot of people, including me, have seen our 401(k) plan values decrease because of the shenanigans of Wall Street. A lot of people are facing reduced pension benefits because of Wall Street. Right now, I and a lot of other people find ourselves relying on Social Security more than we had ever planned to, because of Wall Street.

I think we need to up the benefit amount of Social Security to make up for what Wall Street has taken away from us. It is not fair for us to save while Wall Street takes away.

One way to pay for increased Social Security benefits would be to put an additional 6.5 percent tax on dividend checks that the upper one percent gets. Right now, they pay 15 percent. I don't think it is asking to much for them to pay a 21.5 percent tax on the income they get from dividend checks.

Often I have thought about the jobs I have been on, where people have been injured and/or killed and have paid a lot more than 21.5 percent in income tax. Somehow, it doesn't seem fair for someone to work in a occupation that can be very dangerous to pay more in taxes then someone who sits beside a swimming pool all day long.

I don't think that is asking too much.

Jeff Lyles
Plumbers and Fitters 290
Retired
Tualatin

Dems show no interest in ending free trade deals

To The Editor:

After two years with the House, Senate, and White House, Democrats showed no interest in repealing the trade agreements that sent so much of our manufacturing across the Rio Grande, and then the Pacific.

Now, President Obama is doing yet another trade agreement with a nation (India) whose wages are so low they can afford very little of what we produce here, promising that it will produce American jobs.

Sound familiar? It's the same lie we were told by Bush Sr., Clinton/Gore and G.W. Bush.

Is labor so gullible to believe Democrats are our friends simply by extending unemployment benefits when they refuse to address the root cause of the problem?

Dean Wolf
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