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Ordering executive pay cuts: It's about time!

By Tony Pecinovsky

The Treasury Department's expected plan to cut executive pay by up to 90 percent at the seven companies that received the most in bailout money is not only good news. It's great news!

It's about time. The corporate elite, the rich of the rich, have been feeding at the public trough for far too long. For them to expect tens of millions in executive pay less than a year after being bailed out - with our tax dollars - is like rubbing salt in a fresh wound.

Not only did they cause of the current economic meltdown, in some cases they benefited from it. While they got golden parachutes, lavish perks, bonuses and stock options, the average working-class American got pink slips, foreclosure notices and the humiliation of having to ask a family member, relative, friend or charity for a little help during tough times.

It's ironic how the lords of industry and the captains of finance cry foul when we ask them to sacrifice a little, maybe have a little modesty and think about ordinary folks.

They destroy families. They lay off 10,000 here, 20,000 there. They force draconian wage and health care cuts down our throats. They do it

all with the stroke of a pen.

And then they cry foul!

For example, the *Wall Street Journal* is calling the proposed executive pay cuts "a seismic shift." Not only will executives get paid less at AIG, Citigroup, Bank of America, GM and the other bailed



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out companies, but the broader impact will be on corporate governance generally, they fear.

The *Wall Street Journal* quotes Charles Elson, head of the Weinberg Center for Corporate Governance at the University of Delaware: The proposed changes "dramatically injects the government into pay practices at private companies

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... It diminishes the authority of the board and the other investors...”

Additionally, Elson who sits on the board of HealthSouth Corp., says, “... the approach is atrocious because of the meddling.”

The *Journal* continues: Mr. Espen Eckbo, the director of Center for Corporate Governance at Dartmouth College, “anticipates increased shareholder pressure on companies without federal bailouts to create board risk committees and split the roles of chairman and CEO. There likely will be more non-binding stockholder resolutions next year calling for such changes.”

The *Journal* quotes a management attorney: “It seems very unprecedented for the government to be so dramatically realigning corporate structure on pay and governance.” Additionally, they fear that government intervention will “run a risk of driving out an important tier of management...”

Ominously, J.W. Verret, a corporate law expert at George Mason University School of Law, said, “There’s definitely never been anything like this where a government sets pay for a company

that’s publicly traded.”

Oh, well pardon me if I don’t shed crocodile tears for the corporate elite.

It’s unmistakable though. They seem a little worried. Could it be that their days of riding rough-shod, smoking pistol in one hand and a big bag of cash in the other, are numbered? Could it be that the federal government might play a proactive role and reign in corporate abuse? Could it be that the top executives will actually have to think about workers and their communities? Could it be that they may be held accountable for the piss-poor job they’ve done so far? Could it be?

If we do, in fact, begin to see a “seismic shift” — a dramatic injection of government regulation and a realigning of corporate structure on pay and governance — then we may have turned a corner. We may have joined the rest of the modern world in capping executive pay.



Tony Pecinovsky is the Bureau Chief of the Missouri / Kansas Friends of the People’s World.

We want our money back

By PW Editorial Board

In a true democracy the finance industry would be the servant of the Main Street economy, not its master. A year ago, taxpayers bailed out Wall Street’s biggest banks. And what have people gotten in return, the demonstrators ask? According to Jobs with Justice, the big banks are:

- foreclosing on one home every 13 seconds;
- denying credit to small and large businesses, forcing layoffs and causing a 10 percent unemployment rate;
- charging inflated interest rates on loans and credit cards (how does 26 percent sound? outrageous!);
- spending millions on lobbying against reforms and regulations.

And to top all those outrages, they are doling out BILLIONS of dollars to themselves!

Darn right, there has to be some redistribution of wealth. And here are some initial steps to make it “trickle down.”

Solving the mess requires financial re-regulation; massive creation of productive, necessary green jobs; transforming the minimum wage to a livable wage; and, most important, fixing the stag-

gering imbalance between the bargaining power of workers and the bosses, especially passing the Employee Free Choice Act.

It was deregulation and its resultant financial gimmickry that plunged the world into economic crisis. It was financial deregulation that piled mountains of debt on top of workers, leaving them defenseless when the crisis hit.

It was financial deregulation that diverted precious resources away from the real economy and into the pockets of the gamblers at the Wall Street casino.

Financial re-regulation is necessary because Wall Street has proven that it doesn’t have a clue.

The cry from the right wing and their corporate sponsors is: with the bad economy we can’t afford wage hikes, stronger unions, health care reform, pensions, infrastructure repair, schools, nurses, firefighters, police or well-paid airline pilots. This is nonsense. As far as the workers are concerned, an economic crisis is precisely the best time to step up the fight for these things. It’s the only way out of this crisis.



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Labor coalition pushes for financial reform

By John Wojcik

Americans for Financial Reform, a coalition of almost all the nation's unions and more than 200 other organizations, is stepping up efforts to push for strong re-regulation of the finance industry.

They will descend on the Oct. 25-27 convention of the American Bankers Association here and "It'll be a wild fight ahead," says Heather Booth, the coalition's director.

Labor and its allies are supporting a financial reform package unveiled by President Obama earlier this year, in response to last September's financial collapse, which worsened sharply the recession that was then already nine months old.

The president's package is designed to curb some of the financial practices that led to the crash and to the subsequent onslaught of joblessness and foreclosures.

A key part of the Obama package, according to the coalition, is the establishment of a new Consumer Finance Protection Agency that would have the power to stop bankers, brokers, derivative traders and hedge fund managers from repeating practices that the coalition says "pushed the economy into the dumpster, and threw millions out of work or into foreclosure or both."

Creation of such a consumer protection agency is fiercely opposed by the banking and securities lobbies but public opinion is on the side of tougher regulation of the finance industry.

"We can begin to address the irresponsible practices of the banks and the others that led to the financial collapse," Booth said in a phone interview. "Voices for new transparency and regulation have strong support among the American public. They want their representatives to stand up to the big banks."

Sen. Byron Dorgan, D-N.D., was one of the few lawmakers who resisted ten years ago when a bipartisan consensus steamrolled financial deregulation through a then-GOP-run Congress but supported by then-President Clinton and his



Treasury Secretary Robert Rubin.

He warned last week that "financial regulation is critical because the financiers are repeating all their excesses."

Dorgan wrote a much ignored magazine article in which he predicted that financial disaster would be the result of deregulation, particularly rules that permitted the sales of derivatives and other "financial gimmicks."

Then, he said, there was an explosion in the amount of securities backed only by other pieces of paper. Faced with this, the Federal Reserve and the Commodity Futures Trading Commission, agencies that had the responsibility to act, "instead looked the other way."

He advocated, as has the AFL-CIO, regulations that would totally separate retail banking from investment banking, as was the case from the time of the New Deal until 1999.

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John Wojcik is the labor editor of the *Peoples World*.

LOCAL NEWS

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Teachers challenge tax loopholes

By Emil Shaw

Following a demonstration of 3,200 educational employees and allies in early October here, New Mexico teachers returned to the state Capitol, the Roundhouse, in order to reinforce their demands of no education budget cuts. After a spirited picket line around the Capitol, teachers and students went inside the legislative chambers to observe how their legislative representatives voted and spoke on the education budget.

Progressive legislators made valiant attempts to give voice to the demands to close tax loopholes for out-of-state corporations. These corporations export their profits out of state in order to avoid paying taxes to the state of New Mexico. The tax proposal was defeated by a combination of Republican and conservative Democratic legislators.

To legislate efforts to curtail the profits of outfits such as Wal-Mart, Target and K-mart, seemed like blasphemy against the holy order of capitalism, one participant observed.

In an op-ed piece in the Albuquerque Journal, Ellen Bernstein, president of the Albuquerque Teachers Federation, wrote, "Educational employees and parents have been appalled to learn that lawmakers already cut the dollar value of children in the last session. Now we're angry because they plan to do it again. Some lawmakers appear to be more interested in protecting the wealthiest New Mexicans and out-of-state corporations than funding our school children."

Stay tuned for further developments in the struggle for public education in New Mexico.

¡Reforma migratoria, no redadas!

Por Emile Schepers

Reforma si, redadas no" y "Por una reforma migratoria justa y humana" fueron algunos de los lemas que voceaban miles de activistas pro inmigrantes mientras se reunían en la "Gramma Occidental" del Capitolio, 13 de octubre. La manifestación fue para lanzar una nueva jornada de lo que llaman una reforma migratoria "Justa y Humana".

La actividad que fue organizada por la Coalición Reforma de Inmigración para América, auspiciado por los sindicatos, y una amplia gama de iglesias y grupos comunitarios, fue el fin de un día cabildeando a los legisladores a favor de que promulguen una reforma migratoria antes del marzo 2010. Los organizadores explicaron que después de esa fecha los esfuerzos para promulgar una reforma migratoria chocarán con la dinámica de las elecciones del 2010 al Congreso porque la derecha del Partido Republicano lo usará dentro de las campañas electorales como pretexto para bloquear la reforma migratoria y atacar a los demócratas dizque por ser "suave con los ilegales". La manifestación incluyó un servicio de oración y discursos por dirigentes de grupos pro inmigrantes a nivel nacional y local. Esta acción culmina meses de una campaña por las iglesias a través de Estados Unidos en el cual familias de inmigrantes indocumentados y gente que se enfrentan a la de-

portación se pararon para explicar lo duro que están sus vidas debido al actual sistema de leyes migratorias. Esto afecta no solo a estos inmigrantes, sino a sus cónyuges, niños, vecinos y compañeros y compañeras de trabajo. Mucho miembros del Congreso asistieron a estas reuniones en las iglesias, incluso la presidenta de la Cámara de Representantes, Nancy Pelosi.

La presentación que todos esperaba fue la del congresista Luis Gutiérrez, demócrata por Illinois, que resumió lo que llamó "principios principales para un proyecto de ley para la reforma integral del sistema migratorio".

Gutiérrez le dijo a la prensa que a él no le gustaba la idea de imponer multas contra los inmigrantes indocumentados que están tratando de legalizarse. Por ejemplo, estudiantes indocumentados de secundaria que quieren ir a la universidad pública del estado donde viven no son considerados residentes del estado y tienen que pagar una matrícula más alta como si vinieran de otro estado. Se está proponiendo una nueva ley que las universidades públicas lo acepten como lo que son, residentes de ese estado. El problema es que si hay multas, todavía puede que no puedan ir a la universidad por el costo. Gutiérrez dijo que "no debe de tener que pagar" ninguna multa.



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