

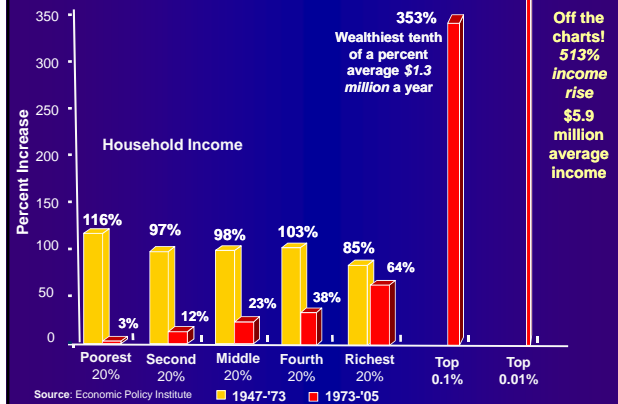
An Economy and Energy Strategy That Works For All



AFL – CIO

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Growing Together, Growing Apart



We Make It – They Take It

Productivity vs. Wage Growth



This Is a Story of POWER

- Working families and our unions helped build a powerful American middle class.
- Corporations are taking power away from workers—we're losing bargaining power at work and in our country.
- Working families and unions can rebuild workers' power and restore the American Dream.

Boxing Workers Into The Corporate Agenda



Boxing Workers Into The Corporate Agenda

'Labor Market Flexibility'

Sub-minimum Wage, Union Busting, You're On Your Own

'Globalization'

'Free' Trade,
Off-shoring,
Worker Exploitation



'Small Government'

Privatization,
Deregulation,
Tax Cuts for the Wealthy

'Economic Stability'

Slow Growth, High Unemployment, Fiscal Austerity

The Working Families Agenda

Workers' Rights

Living Wage, Freedom to Form Unions, Social Protections

A World Class Economy

Fair Trade,
Rebuild Manufacturing,
Worker Justice

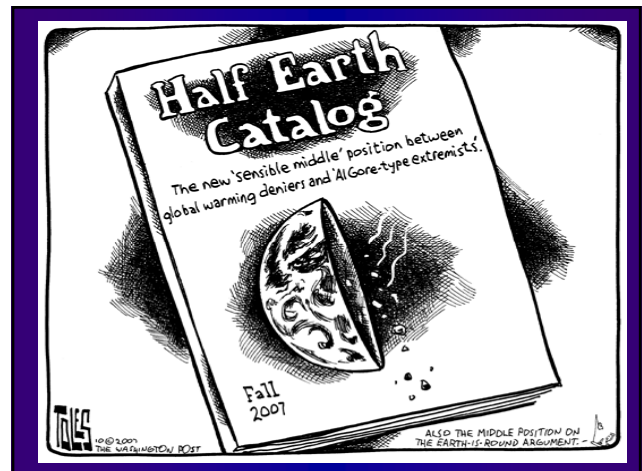


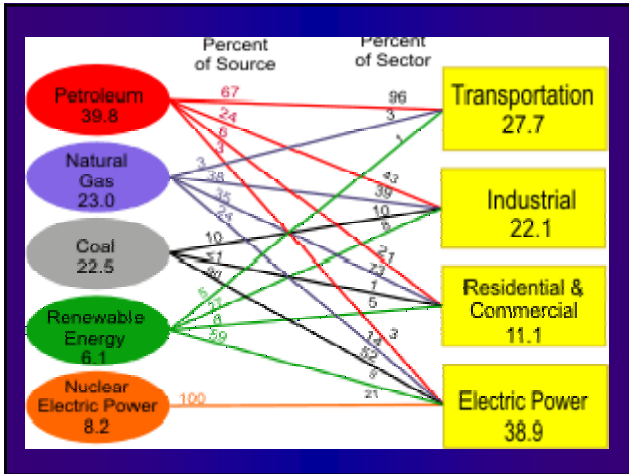
Good Government

Quality Services,
Public Investment,
Fair Taxes

Full Employment

Rapid Growth, Good Jobs for All





Because Fuel Cell Capital of the World sounds a lot better than Rust Belt.

Invest \$300 billion in new energy over the next 10 years. And we'll be free from Middle East Oil.

Investing in energy efficiency and research to develop the next generation of energy technologies is a smart investment. It's also a smart investment in our future. The energy industry is a key part of our economy and our way of life. Investing in energy efficiency and research to develop the next generation of energy technologies is a smart investment. It's also a smart investment in our future. The energy industry is a key part of our economy and our way of life.

Investing in Our Future

Strategic **C**

Energy **O**

Economic **R**

Development **E**

Working Families Energy Agenda

Oil Alternatives
Biofuel, Biomass, Biodiesel, Fuel Cells, Hybrids/Electric ...

Clean Coal
Carbon Capture
Sequestration
IGCC
High Performance

Renewables
Solar
Wind
Hydro
Geothermal

Energy Efficiency
Appliances, Buildings, Lights, Mass Transit, Transmission, Smart Growth

Bob Baugh
Apollo Midwest Conference
Cleveland, Ohio
October 22, 2007

A Working Families Agenda for an Economic and Energy Agenda for All

[Slide #1] *An Economy That Works For All*

Good Afternoon.

It is great to be back in Cleveland, the city I was born in. It's just a short trip up Lake Erie to a strait they call a river to the city I became an adult in, Detroit – and the place I became a union member and activist while working in the steel and auto plants that mark the industrial landscape. Both are part of my DNA.

It makes me proud to know what they have meant to this nation and to so many American families. It makes me sad to see the shape manufacturing is in. But, mostly it makes me angry because it doesn't have to be this way.

That is why I am so pleased to be able to talk with you about A Working Families Economic and Energy Agenda for All.

I am deliberately combining a talk about energy and environment with parts of the new AFL-CIO Economics Education agenda because they (energy/enviro) are not isolated ideas/strategies. They exist in a larger economic context and face the same barriers and obstacles we face on other critical issues like employee free choice and health care

I also must admit some of this feel like déjà vu all over again. How many in this room remembers Environmentalists for Full Employment (circa 1978) ... or the Citizens Labor Energy Coalition (circa 1980) or the Ratepayers Union (Oregon Public Power Campaign) and other local variations. These were labor, community, and environmental coalitions 25-30 years ago that took on big energy companies and fought for new ideas.

I also see a lot of old friends here, veterans of the plant closure and economic conversion movement of the early 80's. We had labor leaders like Wimpy, Bill Wimpinsinger, the president of the Machinists who bridged the energy and manufacturing fights. He said lets "Rebuild America." And, we fought at his side to build a better nation.

At that time the U.S led the world in many renewable technologies. We were on the verge of a real industrial policy around energy, a national strategy. But, we lost - Wall Street overwhelmed the political process. Industrial policy became a dirty word. They began to dictate the "free market" solutions that rule our economy today. Our country dumped alternative energy while other nations exploited the opening.

Apollo is the successor to these earlier organizations and I am proud to be part of it. We need to be working together where we do agree on solutions to our energy and environmental concerns. Apollo gives us the space to do that. It's not always easy as we are reminded from time to time.

As many of you know, the AFL-CIO supports nuclear power as a key component of a diverse energy base. At the last summer's Executive Council meeting the head of the national building trades asked Apollo's new Board Chairman, Phil Angeletis, "what about nuclear power?"

Phil was forthright in his answer. He said, "Apollo was built upon the ideas that could bring us together and deliberately avoided ones that would divide people and make the coalition unworkable ... we have been honest with all parties about this approach and frankly there is more than enough that we do agree upon that needs to get done."

Phil was right. Now, Let's take a look at the economic situation.

Today, we face the most serious economic challenge of our generation – stagnant wages and declining living standards for the majority of workers in our country. But we also are at a watershed moment. We have a rare opportunity to do something about it by building a movement to change our country's economic policies and with an energy strategy build an economy that works for all of us.

[Slide #2] – *Growing Together, Growing Apart*

To put today's economy into perspective, we should remember that our economy did not always work the way it does now. When the middle class was built in the years after the Second World War real family incomes doubled – the most rapid improvement in living standards in history. Incomes for the poorest families increased even faster than those of the richest families.

[Click] However, since 1973, the pattern has been very different. First, the growth of family incomes has been much slower, and second, the incomes of the richest 20 percent of families have risen much faster than those of the other 80 percent. After 1973, a decline in manufacturing and industry, rapid technological change, and the expansion of globalization undermined union growth. As the percentage of workers in unions declined during this period, their power and the ability to protect their living standards also diminished.

[Click] Consider also, that since 1973 the incomes of the top 0.1 (one tenth of one percent) – families earning \$1.3 million a year – increased 181 percent.

[Click] And the top .01 (one hundredth of one percent) – those earning \$5.9 million a year – grew nearly 500 percent.

Over half of all economic growth since 1979 has gone to the richest 10 percent of America's families, most of it to the top one percent. Whereas we used to grow together as a nation, today we are growing apart – economically, socially and politically.

[Slide #3] *We Make It – They Take It: Productivity vs. Wage Growth*

The key to understanding the stagnation of family incomes and wages is the rupture of the crucial relationship between productivity and wage growth.

[Click] Looking again at the period from 1947 to 1973, we can see that productivity doubled and so did the real value of average wages.

[Click] However, since 1973, although productivity has continued to grow, wages have stagnated. As a result, average wages today are only 15 percent higher than average wages in 1980, despite a 67 percent increase in productivity.

The productivity-wage relationship built after World War II was based on a rough balance of power between labor and employers, and assured that workers would share in the benefits of economic growth. Today, that relationship has been severed because the balance of power is dramatically skewed toward employers and away from workers.

[Slide #4] *This is a Story of POWER*

This is a story of POWER, and what has happened to the bargaining power of workers and their unions.

Working families and our unions helped build a powerful American middle class.

Corporations are taking power away from workers—we're losing bargaining power in the workplace and the nation.

Working families and unions can rebuild workers' power and restore the American Dream.

[Slide #5] *Boxing Workers Into The Corporate Agenda*

Over the past three decades, corporations – together with their political allies and free market fundamentalists – have pursued an agenda, which has put workers in what we describe as “a policy box.” The policies in this box have destroyed good jobs and radically shifted bargaining power away from workers and their unions towards employers.

You can see it in the wage productivity break, in the shift of health care costs and taxes onto working families, to declining retirement security and to a nation without national strategies for key economic sectors like manufacturing and energy.

[Slide #6] *Boxing Workers Into The Corporate Agenda*

The policies that make up the different sides of the box, Globalization, Small Government, Economic Stability, and labor Market Flexibility, may sound positive, but if we look deeper at what these policies really mean, we see a darker reality for working families.

[Click] On one side of the box is ‘**Globalization**’ – puts American manufacturing workers in direct competition with some of the most impoverished and oppressed workers in the world. The U.S. has lost 3.4 million manufacturing jobs since 1998. Employers use relocation threats to undermine domestic wages and benefits.

Manufacturing has been the canary in the coalmine for what is facing as tens of millions of professional and technical workers in other sectors of the economy. Outsourcing/offshoring is no longer just a factory workers problem. It is now are now learning. The Corporate Agenda has us engaged in a race to the bottom.

[Click] The opposite side of the box is ‘**Small Government**’. These are policies that privatize and deregulate public services and provide tax cuts for corporations and the wealthy, all in the interest of “getting government off our backs.” This in not just about the public sector think about the impact of deregulation (market driven) has meant to airlines, trucking, communications, and energy. The latter gave us Enron and a national disaster in energy production, distribution and pricing.

[Click] The bottom of the box, ‘**Economic Stability**’, promotes macro-economic policies that focus on price stability and balanced budgets thus affecting the power of all workers by slowing growth and creating slack labor markets.

[Click] Finally, the top of the box, ‘**Labor Market Flexibility**’, weakens the bargaining power of workers by lowering the floor under wages, allowing employers to bust unions and to remove the social protections that workers need that allows them confidence in bargaining with employers. This side of the box also emphasizes You’re on Your Own, also referred to as YOYO.

The labor movement must challenge all these policies – each side of the box – if we are to grow, become stronger and defend the living standards of working families. Fighting for an energy agenda will challenge each side as well. If we are to be successful, we must respond together united, as a labor movement, as community members and as energy and environmental activists to the challenges posed by these economic policies.

[Slide #7] *The Working Families Agenda*

The economy should exist to serve the needs of the people – not the other way around. And, the goal of economic policy is to support a strong and internationally competitive American economy whose benefits are broadly shared.

(Click) Instead of ‘globalization’, we need to build a **World Class Economy** – that promotes fair trade, rebuilds manufacturing, and advocates worker justice. Energy must be a central component on rebuilding manufacturing. We must negotiate fair trade agreements that protect the rights of workers in all countries to organize and bargain collectively. We must rebuild our industrial base (w/a domestic energy investment agenda) and restore American competitiveness in the global economy. And, we must protect the rights of all workers and support real economic development in their countries.

(Click) Instead of ‘small government’, we need **Good Government** – quality services, public investment – domestic investment in energy, and fair taxes. We must invest in our public services and return balance to our tax system.

(Click) Instead of ‘economic stability’ that promotes slow growth, we need **Full Employment** – rapid growth and good jobs for all. This is where energy policy can play a critical role.

(Click) And, instead of ‘labor market flexibility’, we need protection for fundamental **Workers’ Rights** – a living wage, freedom to form unions and social protection.

The Working Families Agenda is the basis for our economic policy work with elected leaders, policy makers and the public at large. It also provides the core content for an expanded program to educate and mobilize our leaders, activists and members so that they can more confidently engage in discussions with candidates for political office at all levels of government.

Slide #8 *The Half Earth Catalogue: Principles for energy/carbon legislation*

Last year we created the AFL-CIO Energy Task Force to take on the energy issues confronting Congress and the nation. Many people were surprised when we came out with a paper on the crisis of climate change. They assumed we subscribed to the Half Earth Catalogue. We do not.

Four years ago the Industrial Union Council helped form the Apollo Alliance. It came at a time when we were losing 3 million manufacturing jobs. The Apollo Alliance came forward with a vision for a clean energy investment agenda and an analysis that showed that a public investment of \$30 billion per year over ten years could generate 3 million good, new clean energy jobs. We and the entire AFL-CIO signed on.

The AFL-CIO believes America needs an energy policy for the twenty first century that will result in a cleaner planet, greater energy efficiency and the revitalization of our manufacturing base. Climate change is a serious environmental threat in need of a prompt legislative response by the U.S. Congress. It is also an opportunity for our nation to prove that economic development and environmental progress can and should go hand-in-hand.

Our Energy Task Force discussion and paper helped us establish a set of working principles to guide our participation in the carbon emission discussion:

- 1) Our nation should embrace a balanced approach that assures diverse, abundant, affordable energy supplies, creates good paying jobs for American workers, improves the environment, and reduces our dangerous dependence on foreign oil.
- 2) We support an approach to carbon emissions that does not advantage one sector over another, is economy wide, has timetables and standards that allow for the development and deployment of new technology, and helps finance the new technologies that can provide clean energy at prices close to conventional sources.
- 3) Energy incentives and investments by the federal government must be based upon a set of economic development principles that cleans the environment and creates jobs but will not encourage offshoring of manufacturing or the sale of assets.
- 4) Investments must be used to identify, develop and capture cutting edge technologies and to manufacture and build these technologies here for domestic use and export
- 5) The international component of any carbon emission/cap and trade program must provide a system of incentives and penalties to assure that major developing nations, like China and India, participate.

Slide #9 Energy Source and Use: Coal to Renewables

We cannot achieve energy independence nor meet carbon reduction goals without utilizing existing coal resources. This nation is blessed with the largest known coal deposits in the world, a resource that provides over half of the electrical energy in the U.S. But, we must use our coal cleanly and more efficiently. To do so we must accelerate development of carbon sequestration technologies and the deployment of more efficient high performance coal burning technology.

The conversion to clean coal technologies is an opportunity both domestically and internationally. It is in our interest to develop these new technologies and export them to China and the rest of the world.

And, we must be as equally committed to rapidly developing to developing renewable sources of energy.

With a huge fertile land base, moderate climate, coastal and mountain lands the U.S. has an untapped abundance of renewable energy resources available such as wind, solar, hydro, biomass-derived fuels. There was time in the early 1980's we led the world in solar, battery, biomass and wind turbine technology.

In the U.S. a free market ideology and cheap oil smothered the national interest and government investment. At the same time Germany, Spain, Denmark Japan and Brazil, as a matter of industrial and energy policy, targeted those technologies and invested in them. Today they lead the world and export these products around the globe. It is time for our nation to go back to the future.

Linking the energy production investments to domestic manufacturing is only one part of national energy/environment/industrial strategy. The other half is targeting investments in our domestic manufacturing processes and the automotive products we produce because transportation and industry account for approximately 50 percent of our energy usage.

Slide #10 Fuel Cell Capitol: Targeting Investment in Auto and Manufacturing

Investing in manufacturing is in the nation's interest because of the broader role this sector plays throughout the economy. It is the productivity leader that helps expand the economic pie. It accounts for two thirds of all R&D investment and is the primary source of innovation. It is the leading purchaser of new technology and financial and technical services. It is the leader in new work organization and work process.

At the community level manufacturing jobs has been a critical economic ladder with rungs at all levels. And, because of the web of supplier industries and the relatively high wages and benefits, each manufacturing job, it is estimated, is associated with up to four additional jobs.

The automotive industry is the single most important industry to American manufacturing. Manufacturing accounts for 16 percent of the nation's GDP, and the automotive sector makes up 25 percent of all manufacturing, some 4% of GDP.

Auto is the cornerstone of an advanced manufacturing economy, not only because of its enormous economic impact but also because it involves the most complex integration and assembly of leading edge technologies and products. From the glass, rubber, steel, and electronics to engines, transmissions, design, engineering, R&D and more, an automobile encompasses the critical elements of this nation's industrial infrastructure.

Currently, many advanced technology vehicles are assembled overseas, and virtually all of the key components are built in foreign countries. However, a study by the University

of Michigan's Transportation Research Institute demonstrates that federal incentives to encourage domestic production can reverse this trend, create jobs and result in higher tax revenues for the federal and state governments.

The AFL-CIO Energy Task Force has called for the U.S. government to pursue measures to improve energy efficiency. We have joined with the UAW and in calling upon Congress to establish a Marshall Plan to help re-tool the U.S. auto industry to accelerate domestic production of advanced technology and alternative fuel vehicles and their key components.

Slide #11 Investing for the Future: SEED and CORE:

OK so they say we can't talk about radical ideas like industrial policy even though all our worldwide competitors practice it. Fine, I don't care what we call it as long as we do it. I have given it a new name. Try this:

- (Click) Strategic
- (Click) Energy
- (Click) Economic
- (Click) Development.

SEED ... It sounds business like but it really is about planting the seeds ... for a new industrial revolution.

Meeting the future energy needs of the nation while reducing our carbon footprint offers difficult choices and huge opportunities. It requires a commitment to major long term investments, that these be invested domestically and that the technology and products resulting from the investments be produced domestically. We want these investment dollars to recirculate in our economy.

This is all at risk. Consider the many ironies in last week's news story. Congress just discovered that the country that is the poster child for worker repression and illegal trade practices, China, is providing the steel poles being used to build the fence across our southwest border. This can and will be repeated with our energy investments unless we do something to change the pattern.

If we believe environmental, energy and economic development policy can and should go hand in hand thus is where the rubber meets the road. It means we must get Congress to put requirements in place to assure that these investments must be made here. In our experience with Buy American provision in DOD budgets that have been reluctant to do so. If we want our seeds to bloom here we have to plant them here.

And, seeds grow into a CORE (4 clicks) and that is the heart of our strategy.

Slide #12 Working Families Energy Agenda: The CORE

(Click) Clean Coal

Advanced coal with carbon capture and storage (CCS) has vast job-creation potential. Retrofitting outdated coal plants with more advanced, cleaner-burning technologies, and building an Integrated Gasification Combined Cycle (IGCC) plant with carbon capture and storage (CCS) creates a vast range of jobs for laborers, sheet metal workers, pipe fitters, equipment operators, engineers, project managers, and others. CCS may also require the construction and maintenance of an extensive pipeline system for transporting CO2 generating jobs for steelworkers, pipe fitters, and welders as well as heavy-equipment operators.

(click) Oil Alternatives

The biofuels race is already creating tens of thousands of jobs in construction and production and there will be greater infrastructure needs for distribution systems. The component parts can and should create jobs in our primary metal industries but these are assured unless we pay close attention to the health of these energy intensive industries and to international trade law enforcement.

(click) Renewables

Recent studies by George Stersinger show nearly 43,000 domestic firms in industries related to the manufacturing of components that go into renewable energy systems. If 185,000 MW of renewable energy were developed these companies have the potential to fill the demand for new components that would be generated. This national development would result in the creation of more than 850,600 new jobs.

Summary of National Development, Resulting Investment and Jobs

	Number of MW	Number of Firms	Millions \$ Investment	New FTE Jobs
Wind	124,900	16,480	\$62,338	398,470
Solar	23,150	10,272	\$69,624	298,194
Geothermal	15,190	3,926	\$15,330	72,324
Biomass	21,760	12,020	\$13,248	81,615
Total:	185,000	42,698	\$160,541	850,603

The firms are concentrated in the states that have suffered the greatest manufacturing job losses over the past 6 years. 75% of the potential new demand can be expected to flow to the 20 states that have suffered the greatest job losses.

Many of those states, like Ohio, do not have the renewable resources to support the development of projects there. A program that supported the development of renewable energy projects while simultaneously supporting the development of a strong, advanced component manufacturing industry would benefit many more states and regions than one that simply aimed at providing supports for project development.

(click) Energy Efficiency

The efficiency/conservation strategy has huge employment implications ... from building and construction retrofits and industrial retooling, to advanced automotive technology and parts, to increased and improved mass transit. the challenge will be produce the energy saving technologies from compact florescent and LED lighting to the windows, insulation, and transit vehicles here.

Slide #13 Win War of Ideas: Make it In America

We must win the “war of ideas,” build workers’ power and demand and energy policy that will help restore an economy that works for all by investing in the innovation, skills and productive capacity of the workers and manufacturers of this nation.

However, this cannot be a go it alone proposition.

Investments and International Aspects: The Need for a Global Solution

The participation of developing nations is critical to solving this problem while assuring the competitiveness of U.S-based manufacturing. Mexico and Brazil account for more than half the emissions from Central and South America. Deforestation is estimated to account for 20-30 percent of carbon emissions with the burning of forests in the Amazon basin acting as a major contributor.

China passed the United States in carbon emissions in 2006. They have a new "1950's technology" coal plant coming online every week with 500 plants being planned. They are dirty but cheap to build. Unabated, by 2030 China's emission will grow 139 percent and make up 26 percent of the world's total. They and other major developing nations must be part of the solution or everything we the EU and other nations do to cut carbon emissions will be for naught.

There is a second economic implication of the non-participation of these nations. China, and other rapidly developing countries is already a magnet for manufacturers seeking to avoid labor, environmental, currency and other standards. Seventy percent of China's foreign direct investment is in manufacturing, with heavy concentration in export-oriented companies and advanced technology sectors. Much of this energy resource will be dedicated to China's manufacturing export platforms, which already account for nearly 40 percent of Chinese GDP.

In 1997 when the AFL-CIO rejected the Kyoto protocol because it did not include the developing world the federation took a lot of criticism but our concerns were well founded. Since Kyoto the Chinese government has said they will be a developing county for at least the next 50 years and will not agree to be restricted by this framework. In that time our trade deficit with China soared from \$50 billion in 1997 to \$235 billion in 2006.

They now hold \$1.5 trillion in U.S dollars and securities. This year China overtook the United States as the number one exporting nation in the world, and by the end of 2007 it will account for 50% percent of the U.S trade deficit in manufactured goods.

To put it bluntly, it is not in our national interest to see our efforts to reduce carbon emissions become yet another advantage that a developing nation uses to attract business. However, it is in our interest and the worlds interest to have developing nations become part of the solution because the problem cannot be solved without them.

We will work toward that end in our domestic legislation and in the UN framework talks for the Post Kyoto protocols in Bali in December.

To sum it all up, we have an immense national and international struggle ahead of us to arrive at a clean planet and revitalized manufacturing economy. We must think globally and act locally because it all begins at home. That is why you are here today.

Slide #14 Windmills in Ohio

That is why I chose this slide from the Apollo archives ... windmills in Ohio

In closing, one last picture from the Apollo archives that seemed most appropriate to close on. Ohio represents all the challenges and opportunities that the Midwest faces.

From its coal mines in the southeast to the auto and steel plants in the north, from the parts plant and machine tooling industries in the southwest to its fertile farm lands, windy shores and hills -- the ingredients for the Buckeye's state industrial revival are all around us.

They are in your state too.

I believe what we do in the next few years can change the direction of this nation.

We must educate, agitate, mobilize, organize and hold our elected leaders accountable for a domestic energy agenda that cleans our air and employs our people.

.
It's time for a strategy. It's time to fight. And, I'm ready to rumble.

Carpe Diem brothers and sisters. Seize the day