

It's the economy stupid!

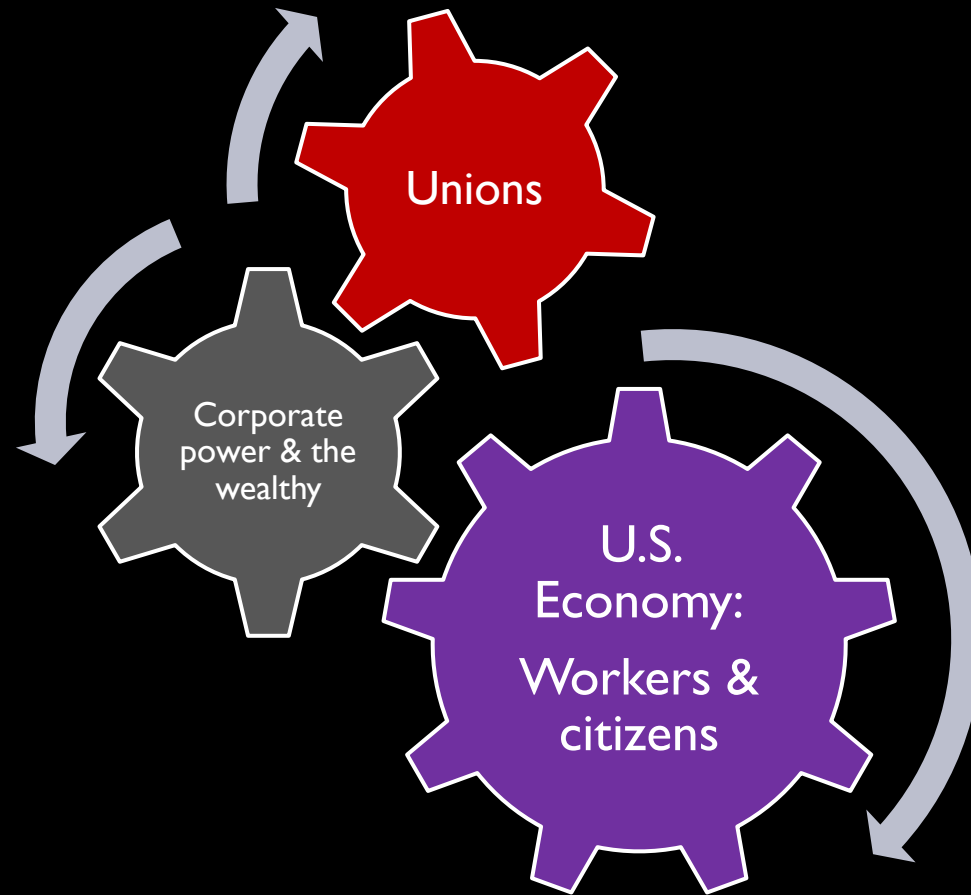
(and it doesn't have to be this way!)

**California Federation of Teachers
PLUCC Training**

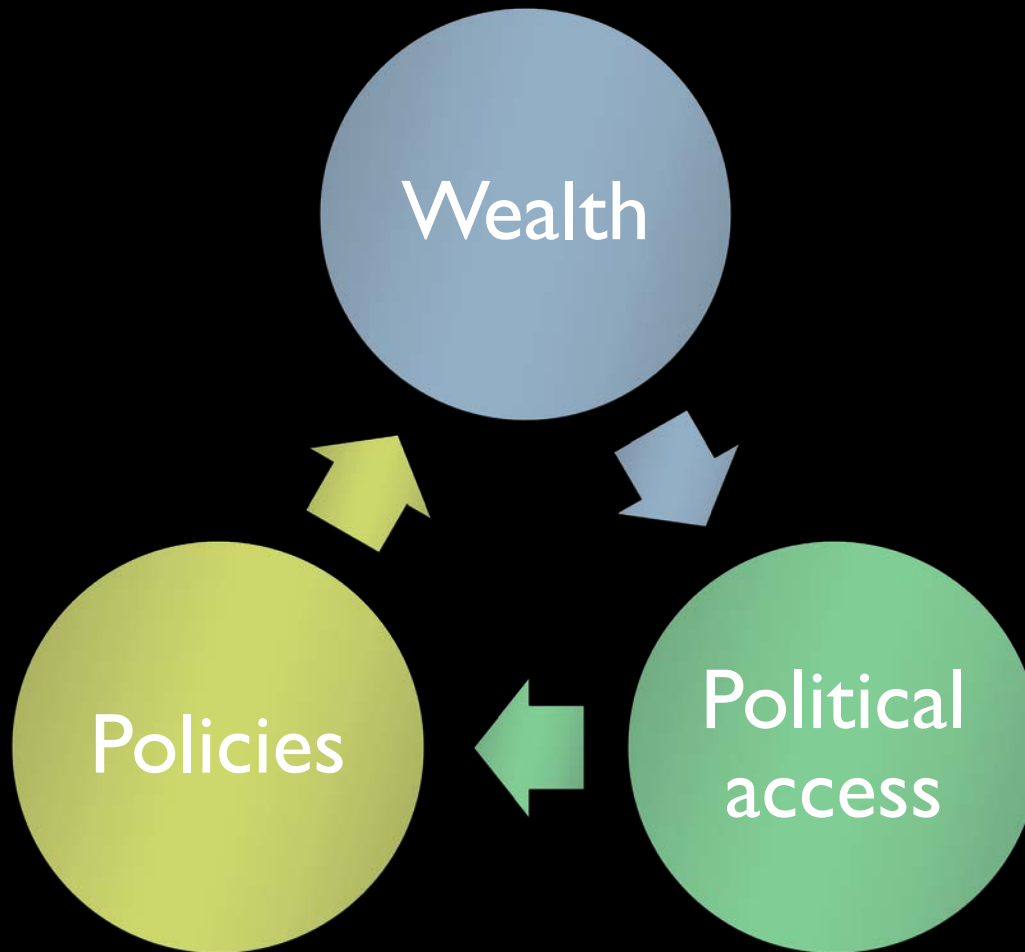
October 28, 2011
Alameda, CA

Sylvia A. Allegretto, PhD
Center on Wage & Employment Dynamics
University of California, Berkeley

The critical role of unions



Vicious cycle makes it clear the 'free market' isn't free and has been bought



Econ 101

(in very colorful but not so pretty pictures)

- **The mess we are in today is man made:**
 - it was an 'Inside Job'
 - Wall Street, K Steet & PA Avenue
- **Ayn Rand is popping bennies & partying like it's 1929!**
- **Those at the alter of the 'free market' are kidding themselves at best.**
- **Greenspan (Rand fan) didn't know banks wouldn't regulate themselves...what?**
- **Plutocracy: of the 1%, by the 1%, for the 1%**



Top priorities

Effective
regulation

Reasonable
tax policy

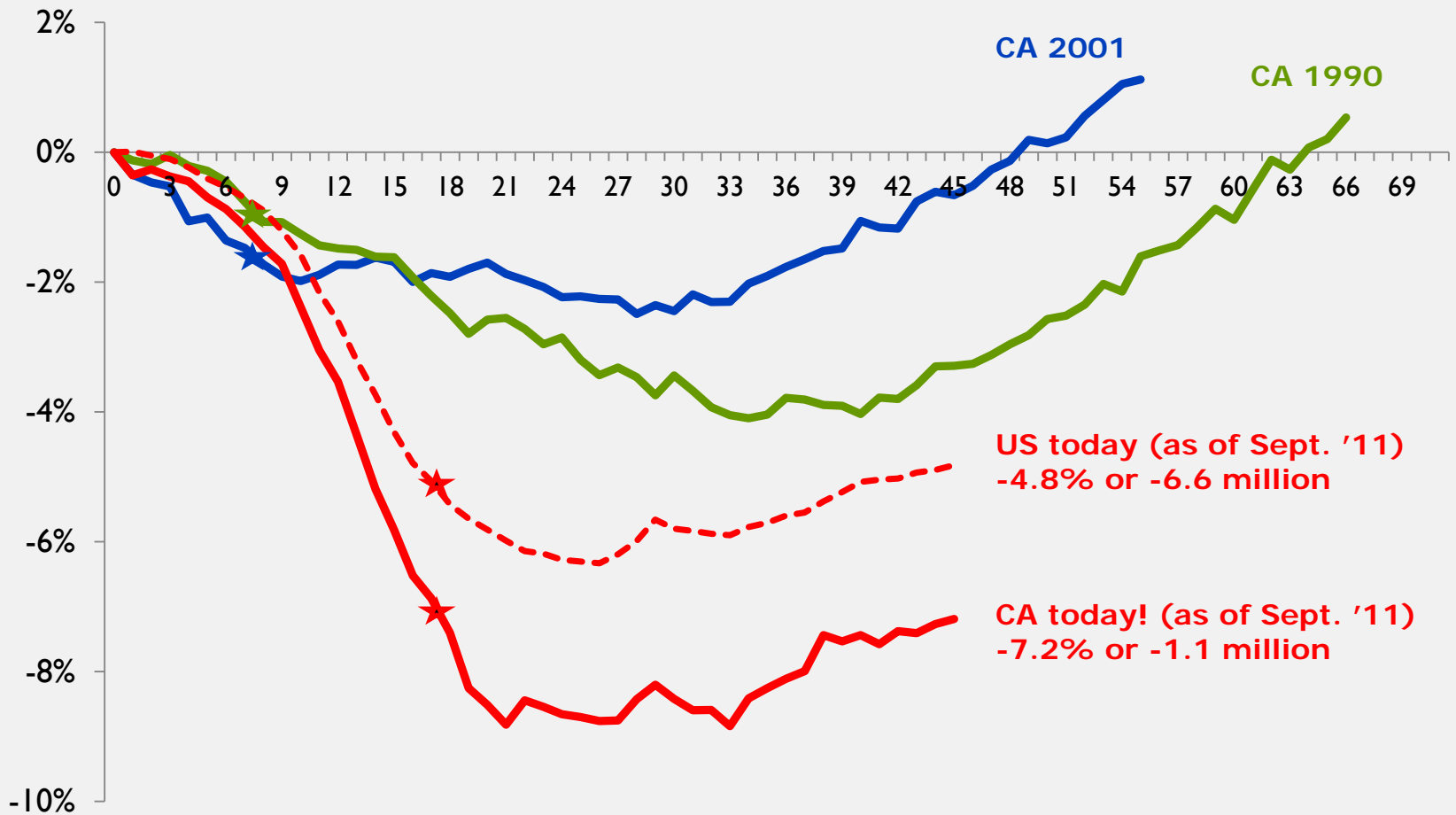
EFCA &
unions

Fix the
ongoing
housing crisis

Fair trade
policies

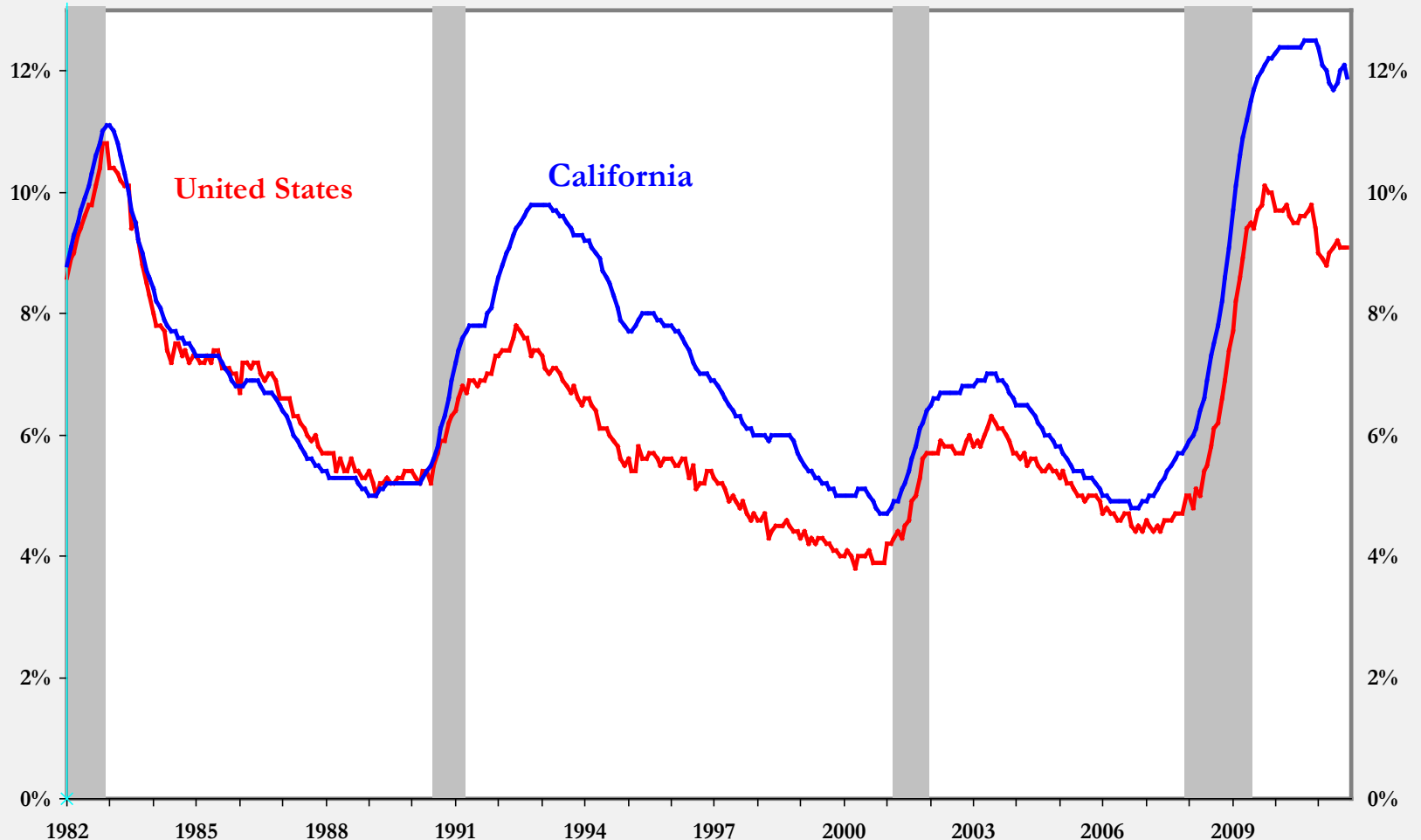


The only deficit that matters...



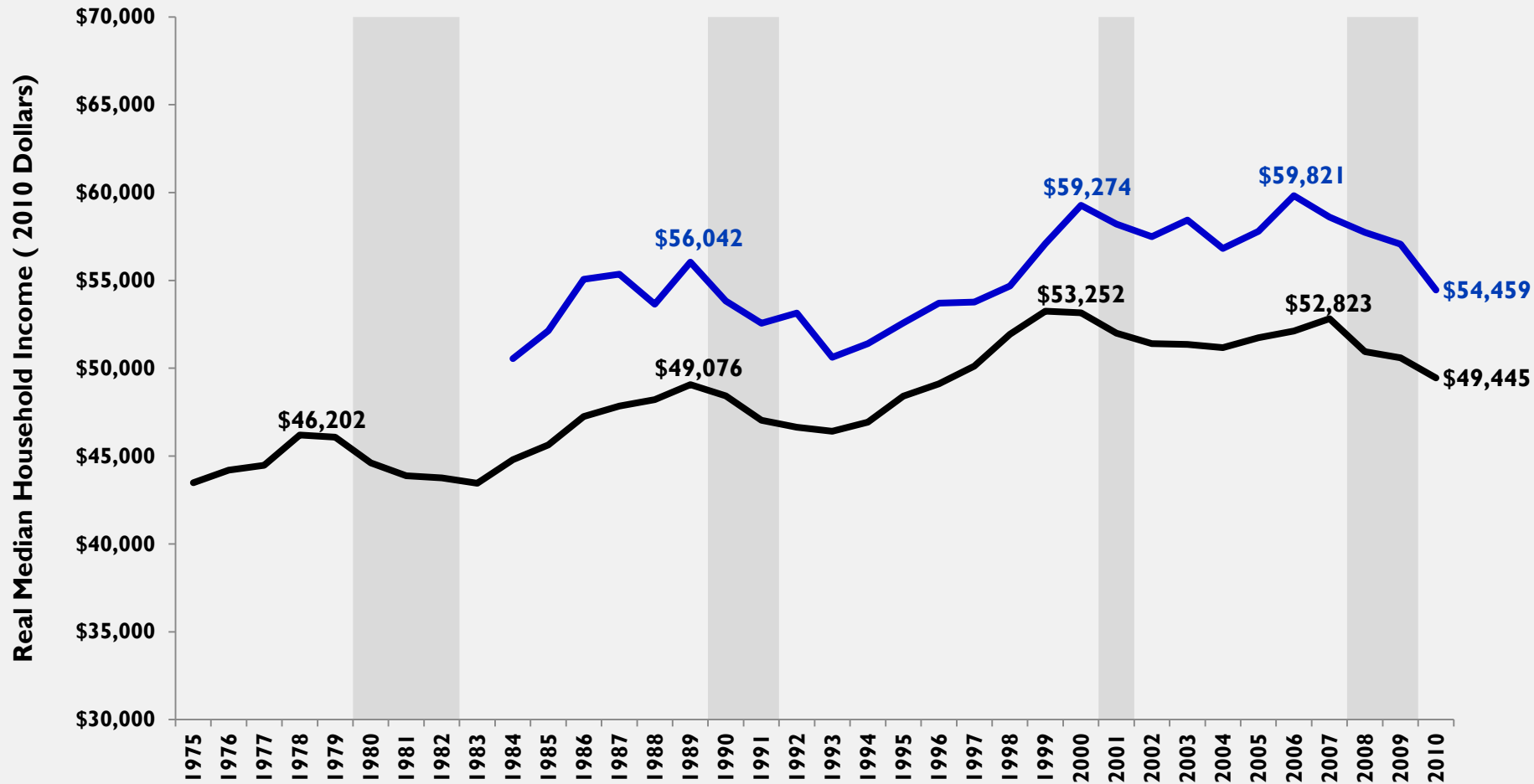
Source: Sylvia Allegretto's analysis of Current Employment Statistics data.

These numbers represent people, forever lost output & heartache



► Source: Sylvia Allegretto's analysis of BLS Current Population Survey data.

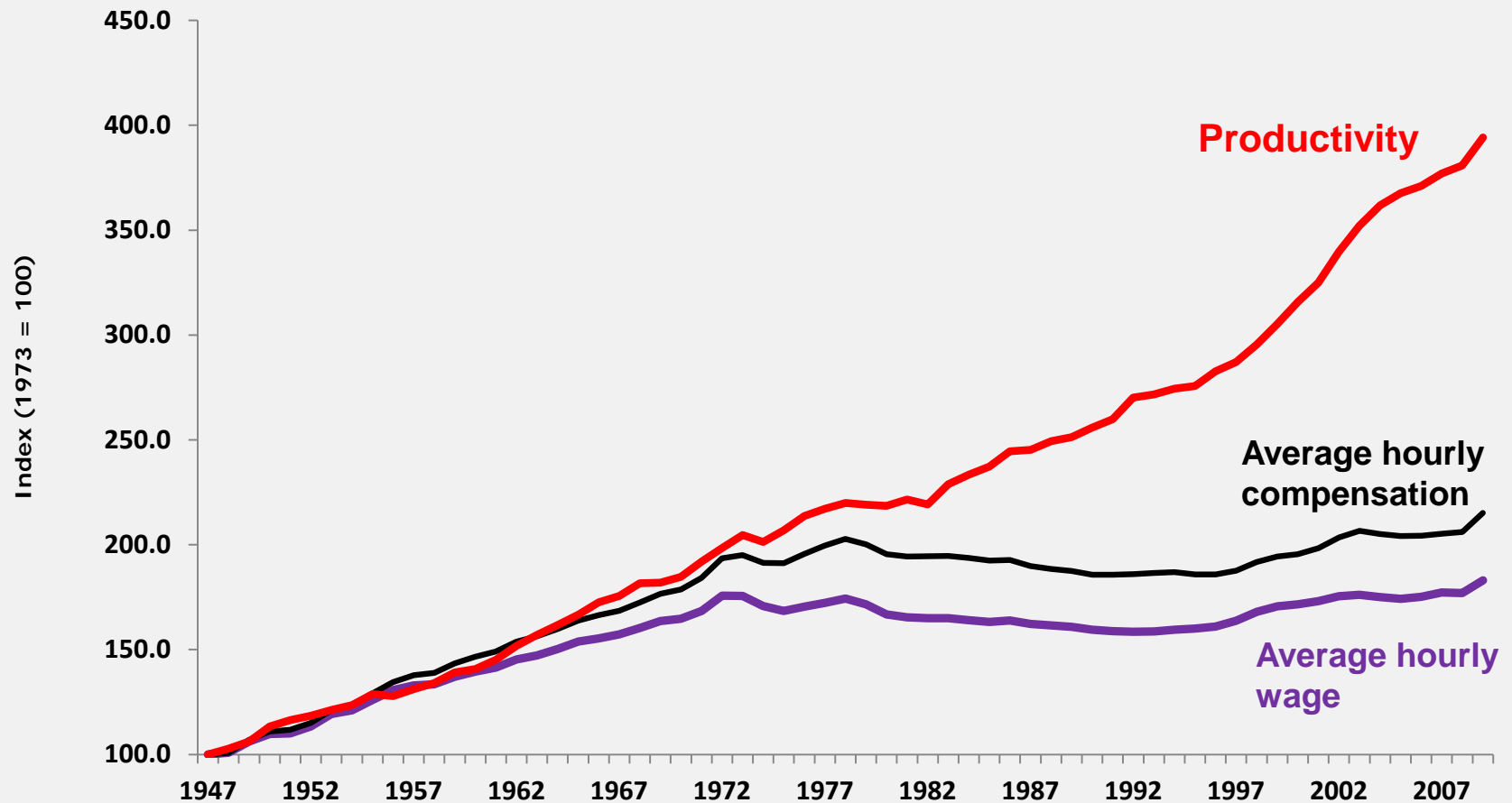
Incomes of typical households in California plunge back to 1998 levels



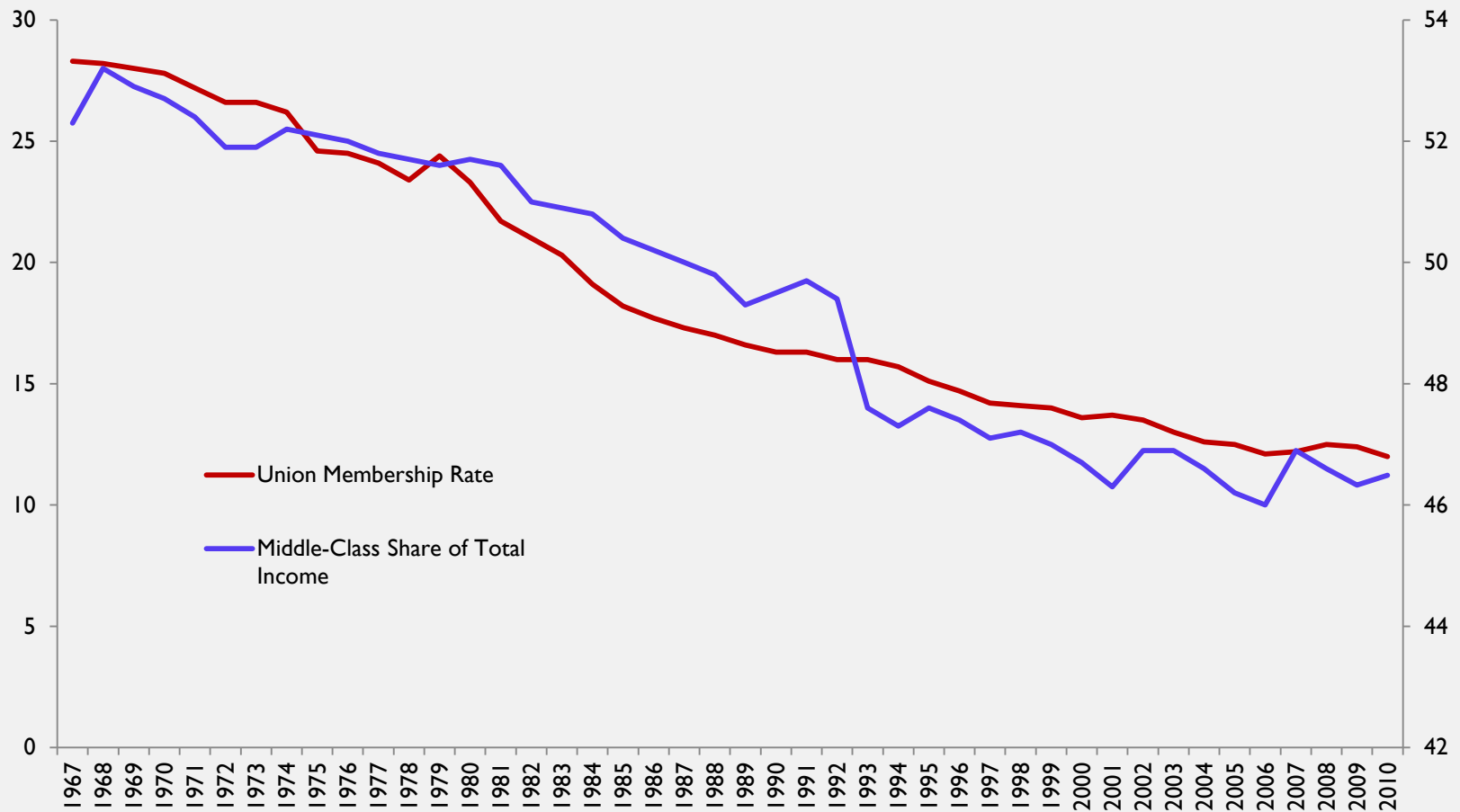
Source: Sylvia Allegretto's analysis of U.S. Census data 2011.

“I am trying to enjoy the fruits of my labor...”

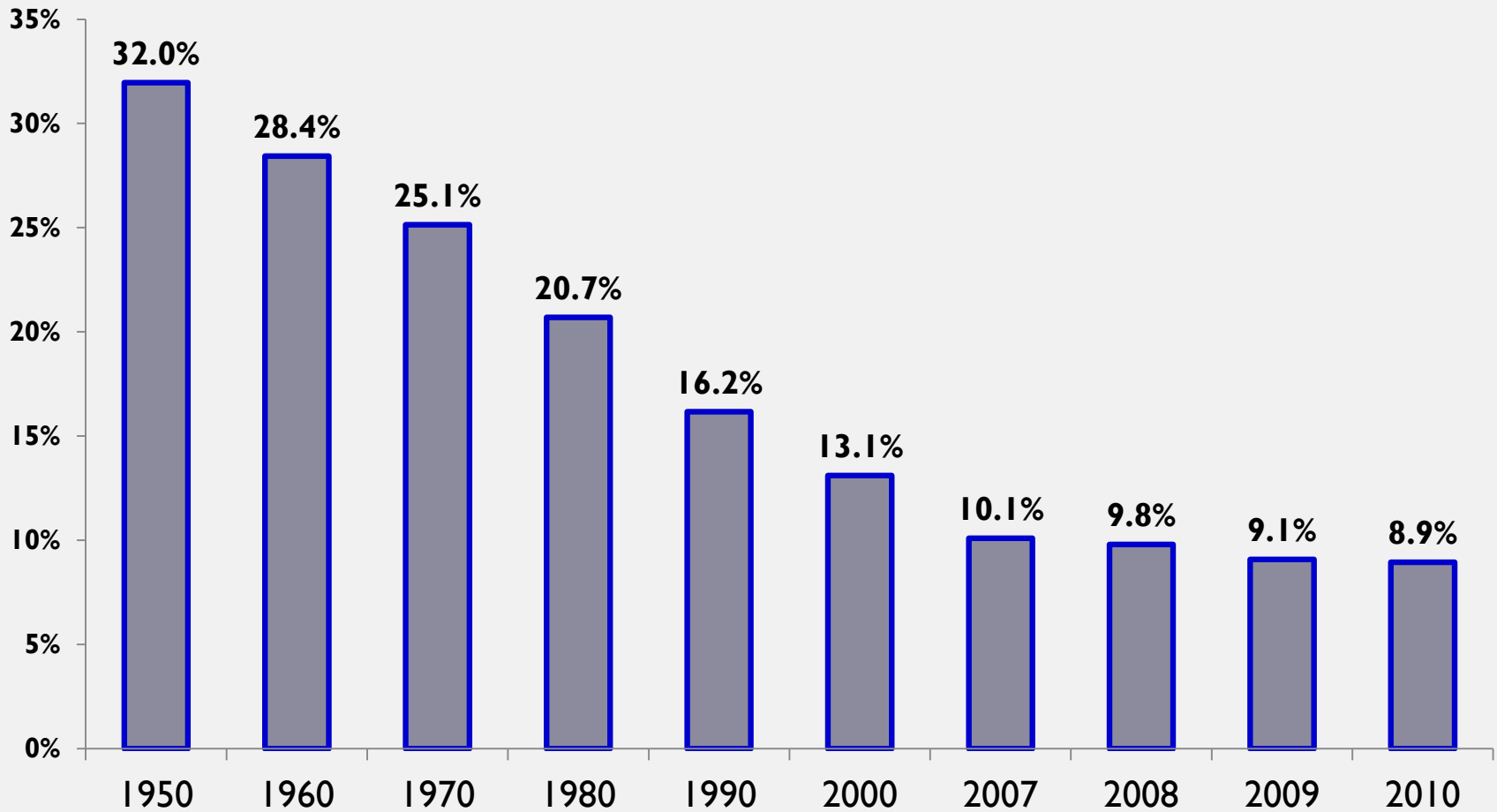
~Lucinda Williams



Union decline and middle-class woes

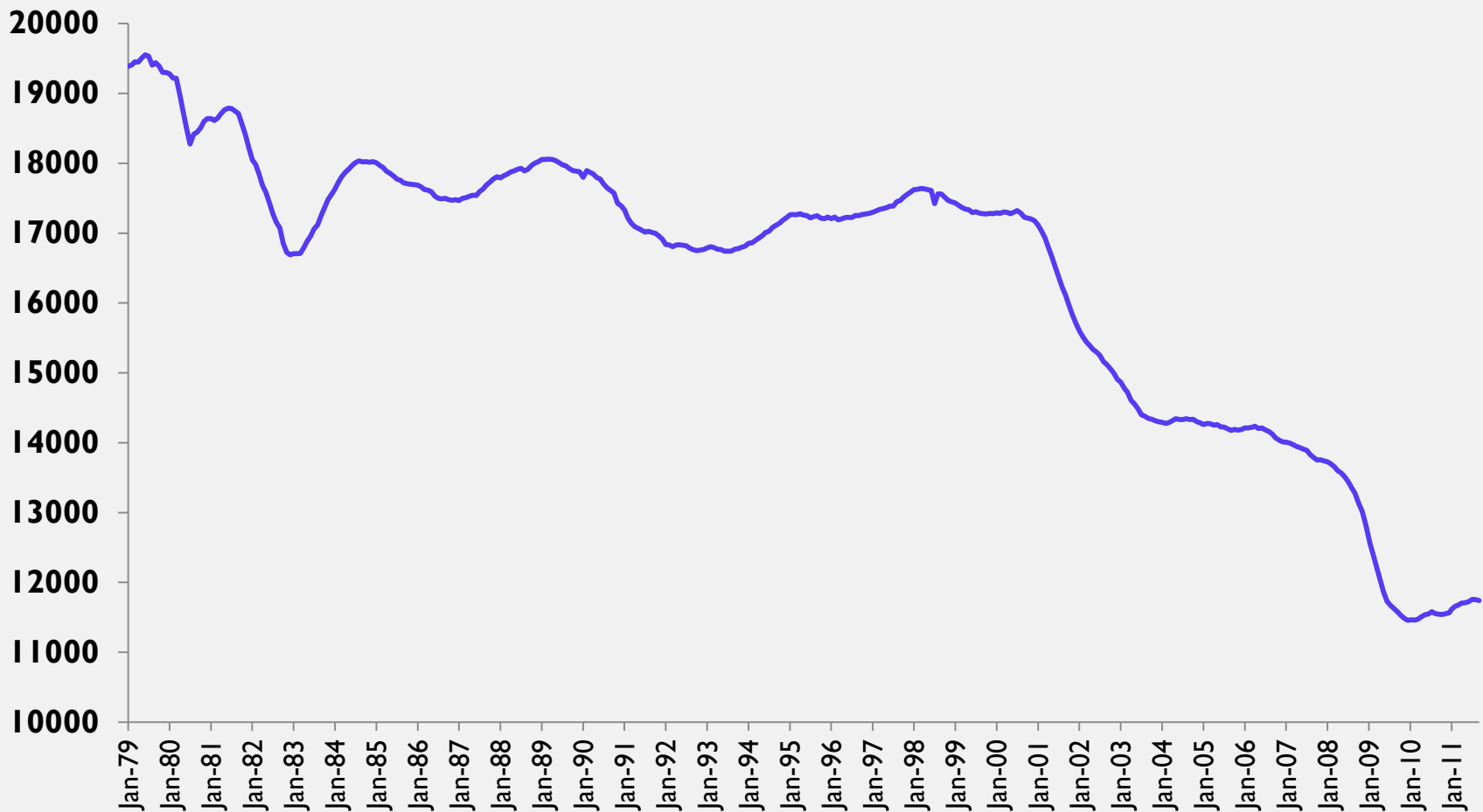


We need a plan to restore manufacturing

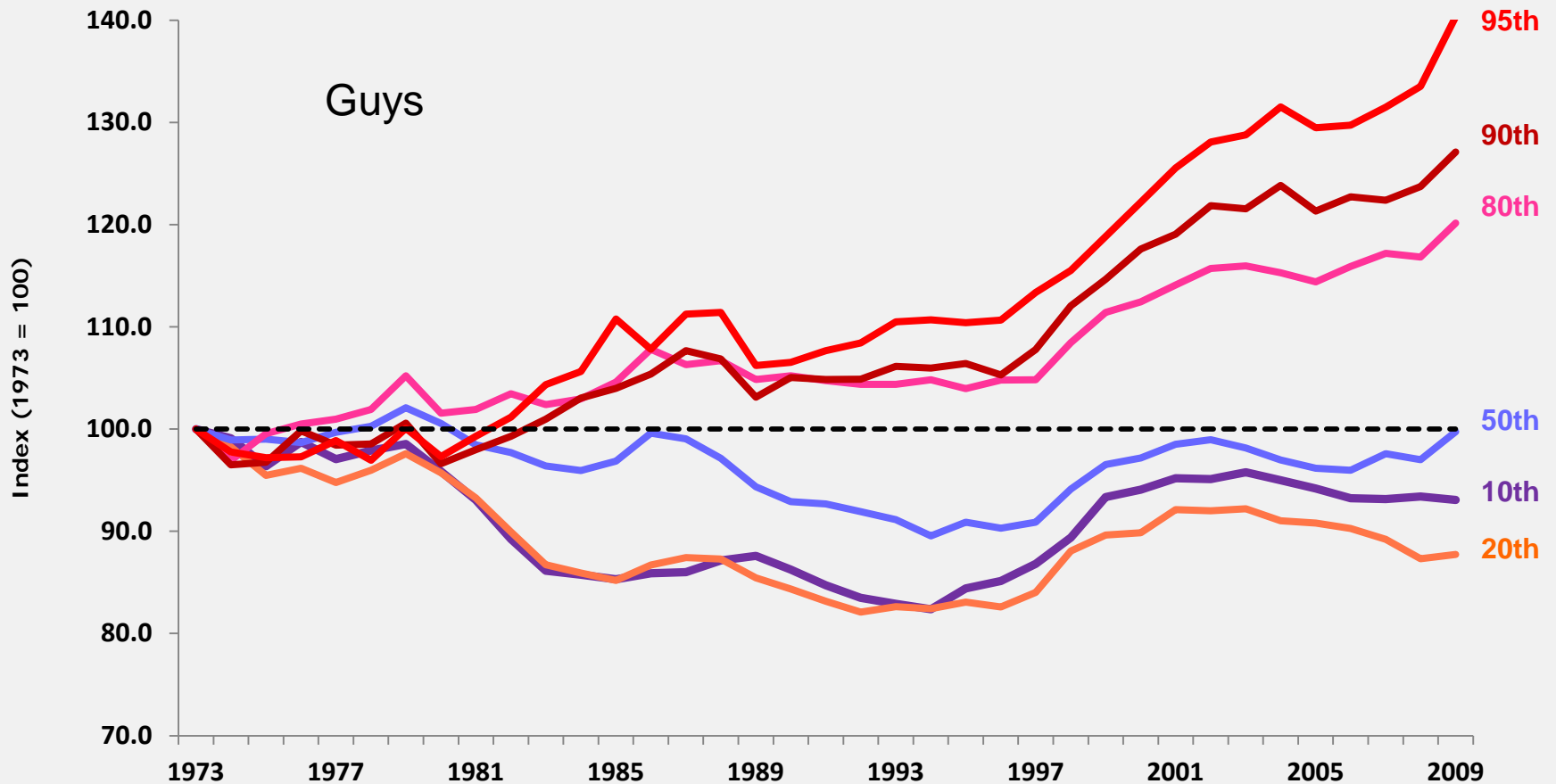


We need an economy that makes things

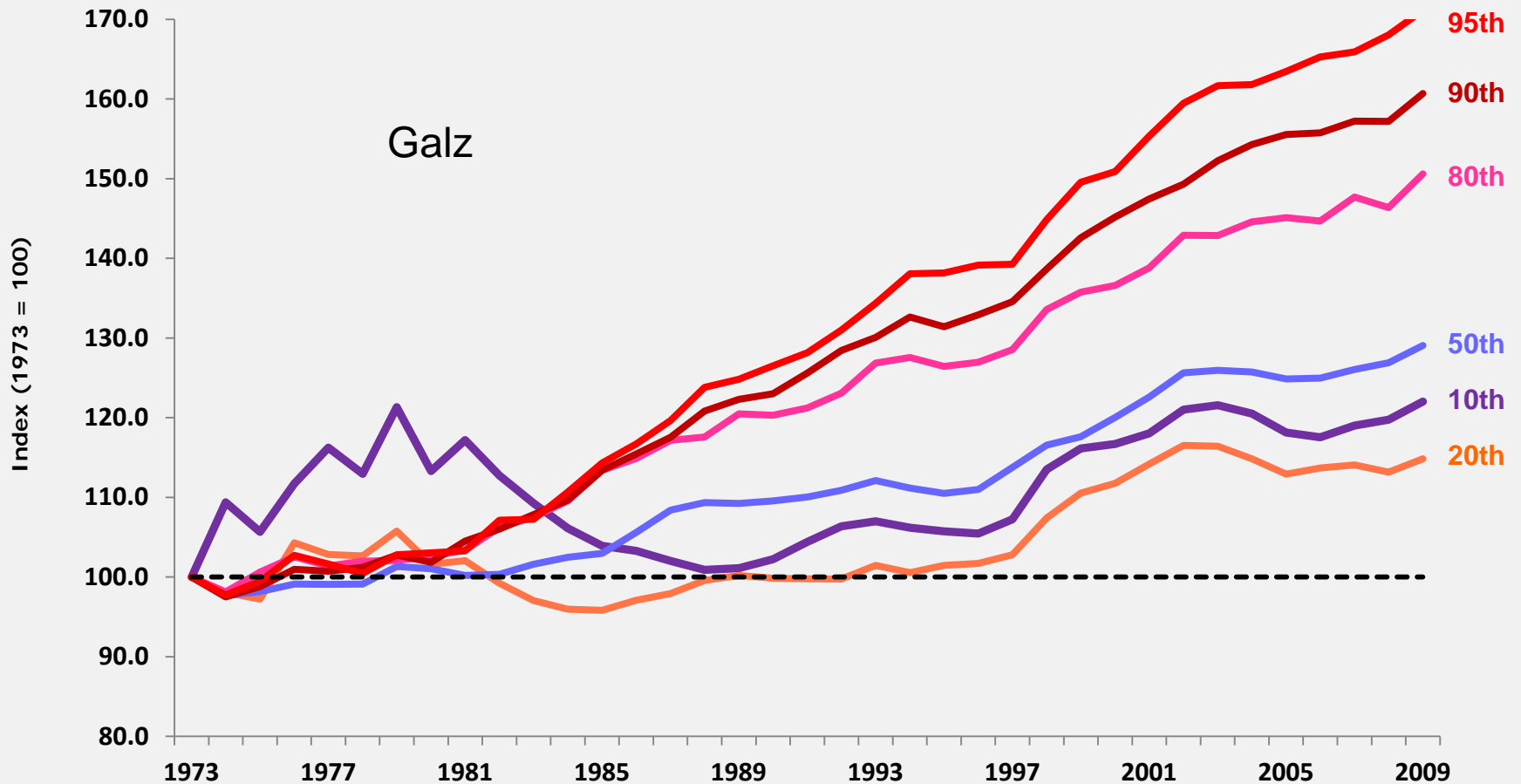
(the financial industry makes \$ from \$)



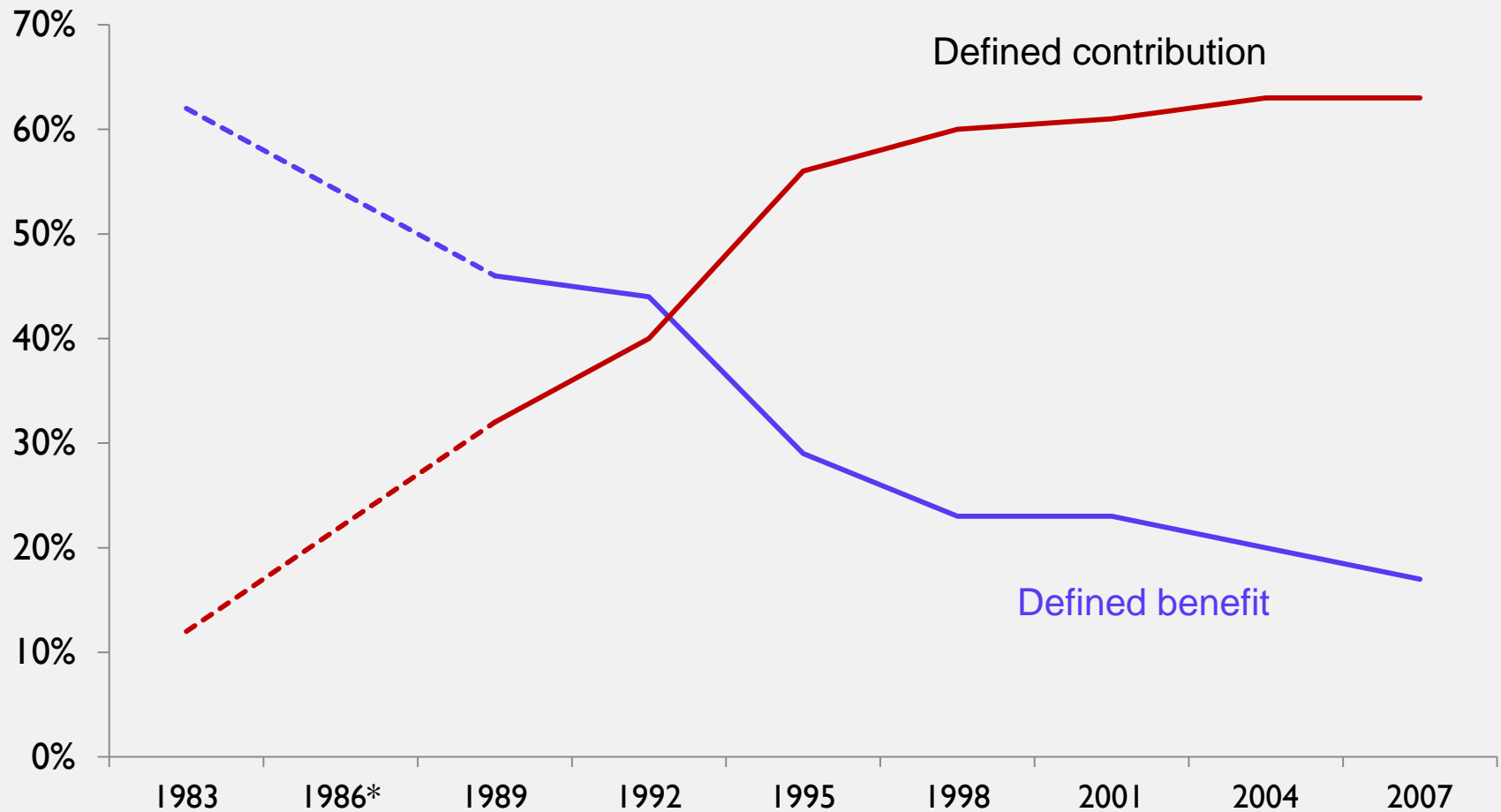
Widening wedge of wage inequality



Widening wedge of wage inequality



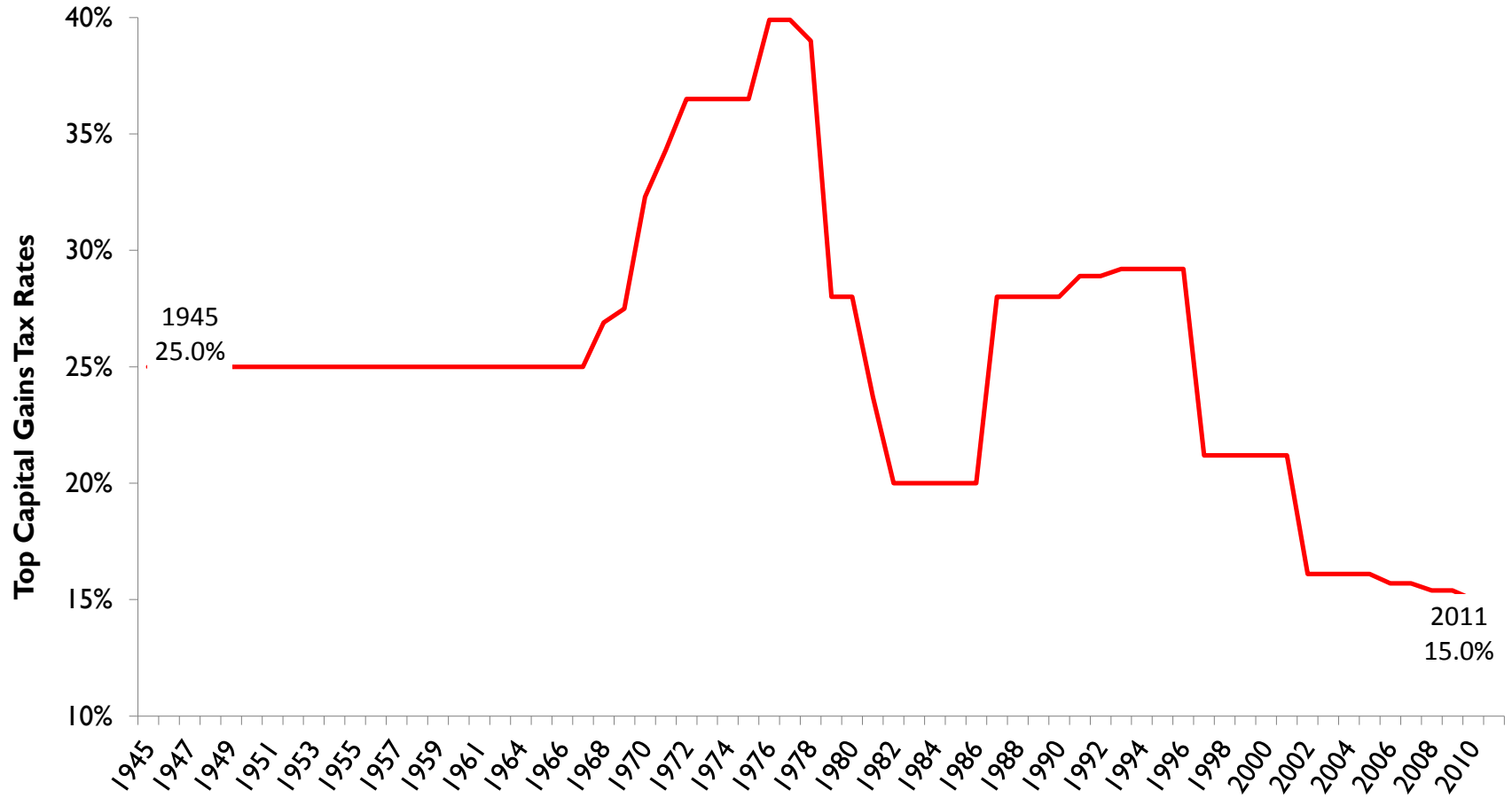
Retirement risk shift



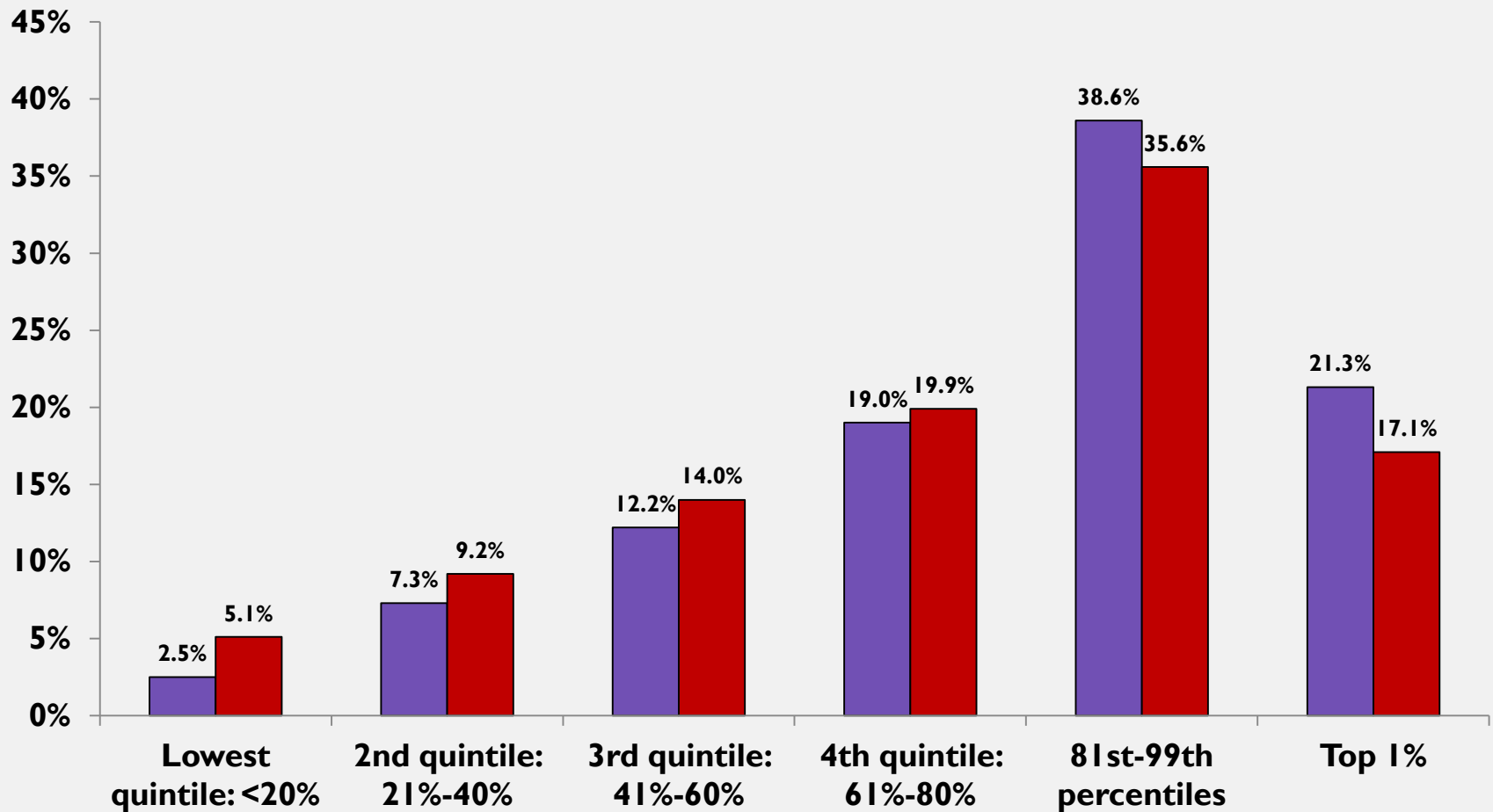
Source: Munnell, Alicia H., Golub-Sass, Francesca & Muldoon, Dan. 2009. *Note: Data for 1986 is not available. The data were estimated using the midpoint between 1983 and 1989 downloaded from EPI.

Work Vs. a call to your broker

The rise of the plutocracy

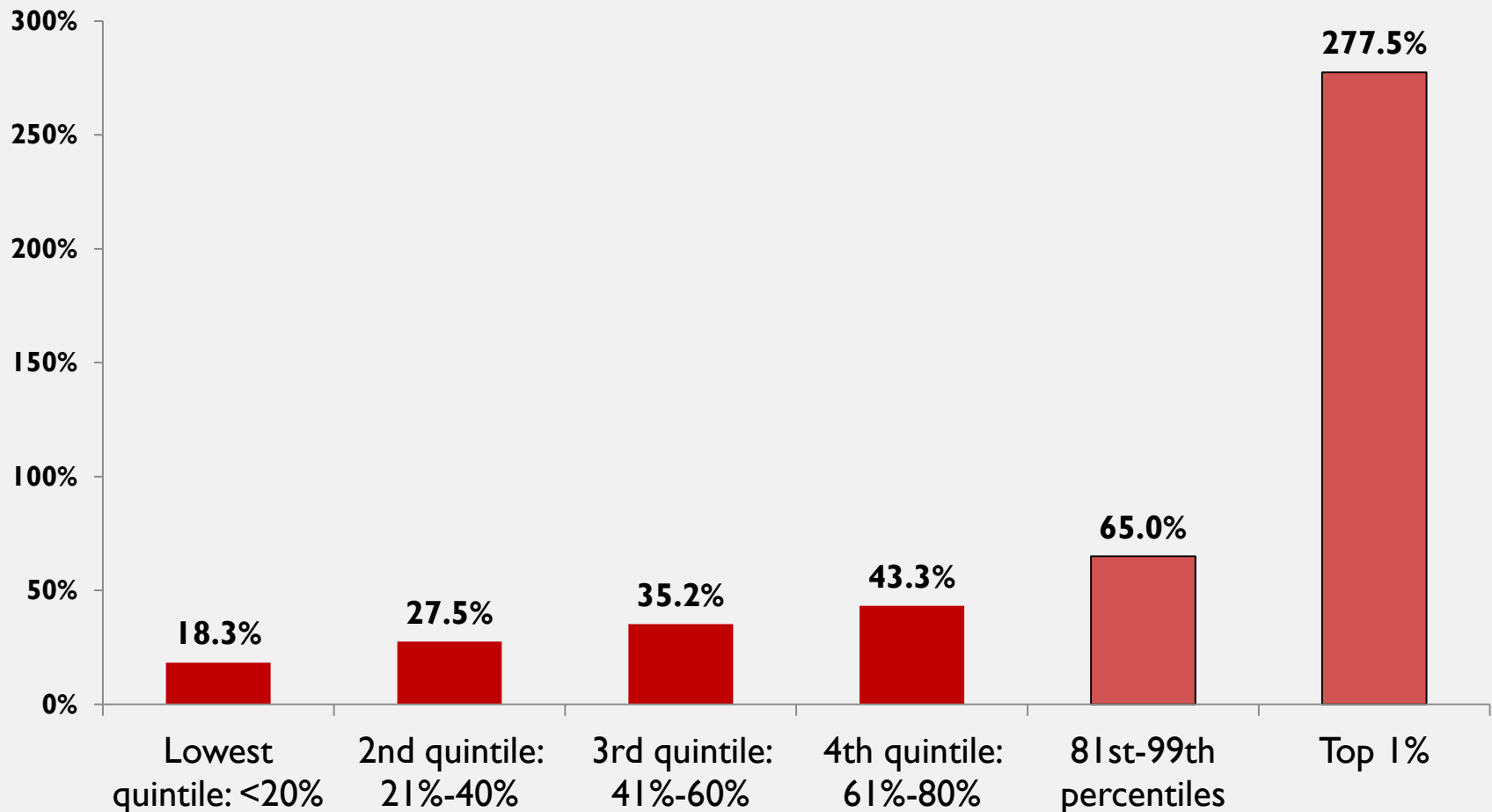


Pre- & post-tax income shares, 2007

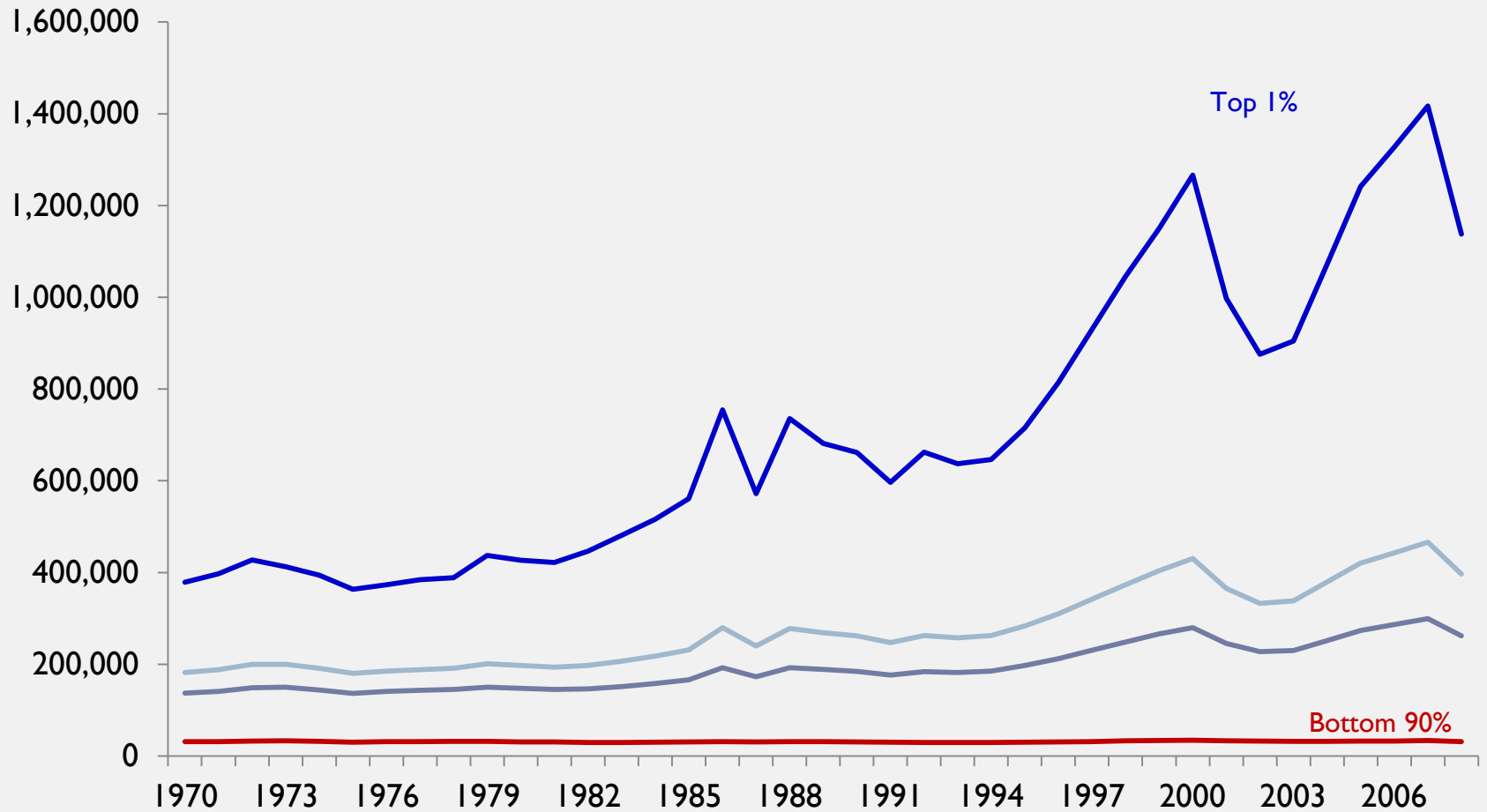


Astonishing picture of income growth

(Growth in inflation adjusted after-tax income from 1979 to 2007)



The very rich are pulling away

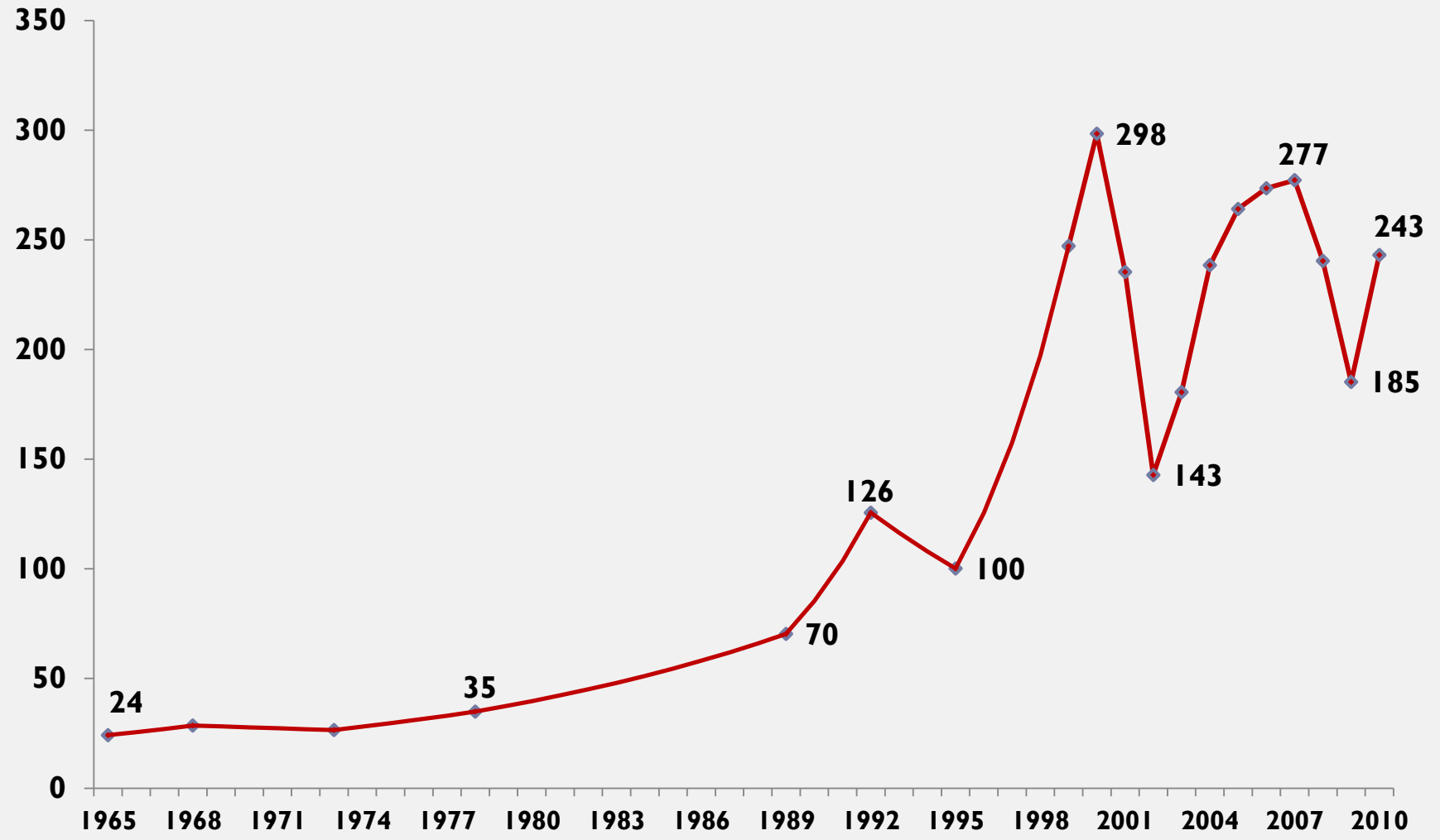


Source: CBO \$2008

Allegretto 2011

CEO's distance themselves from the average worker

(Ratio of average CEO compensation to average worker compensation, 1965-2010)



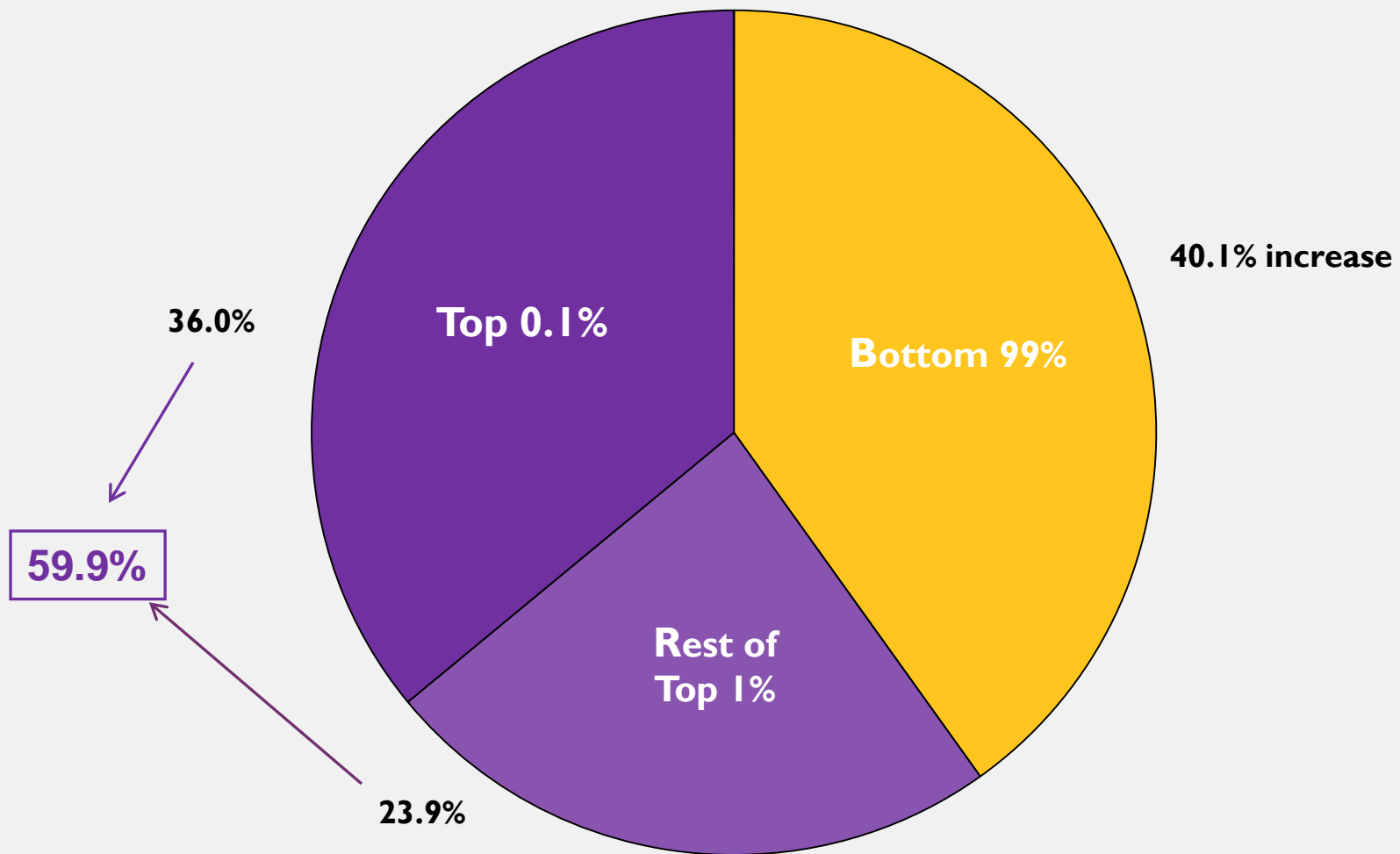
Source: EPI analysis of *Wall Street Journal*/Mercer, Hay Group (2011).

Note: Point markers denote where ratio is known.

Allegretto 2011

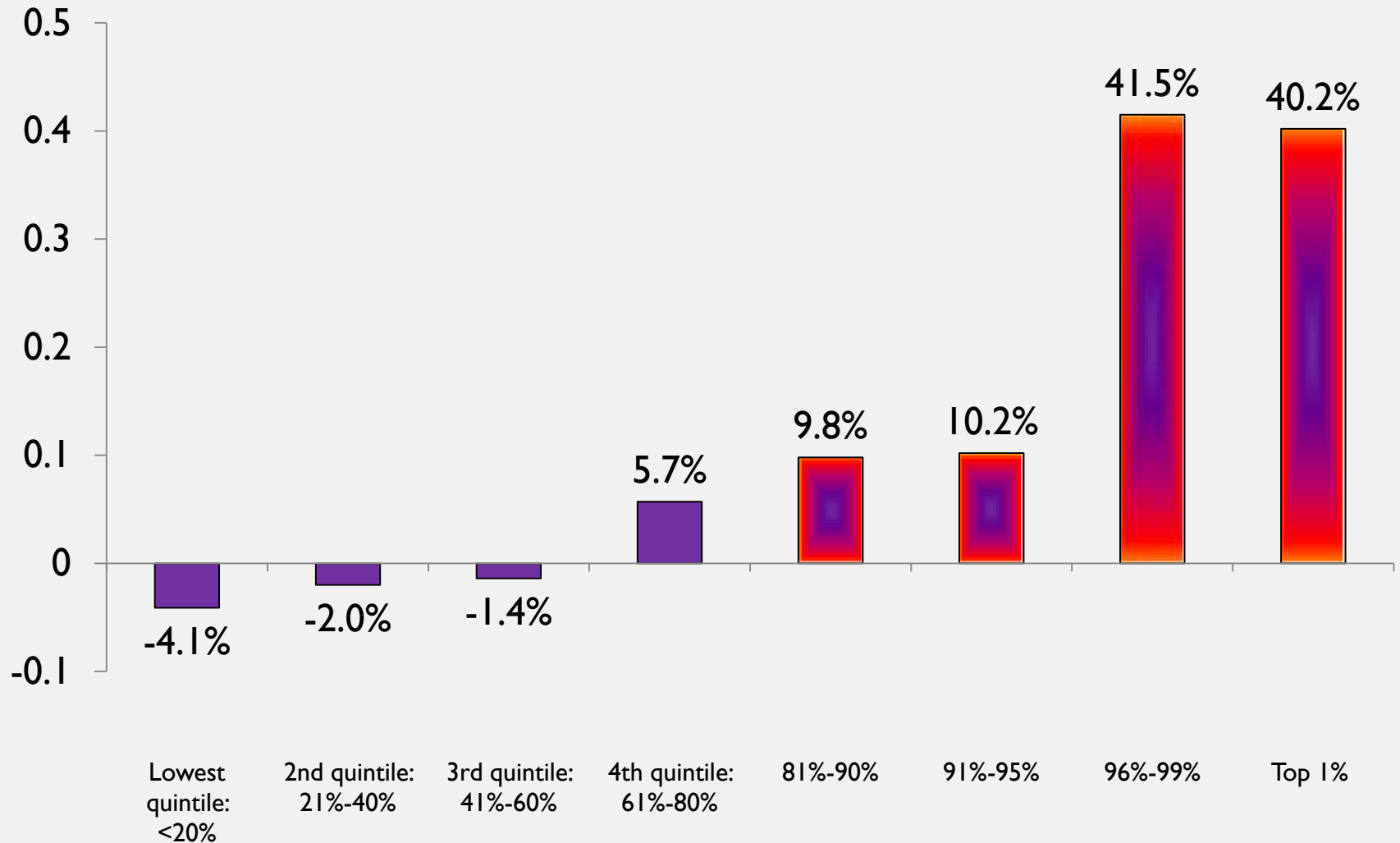
The not so invisible hand

(share of income growth 1979-07)

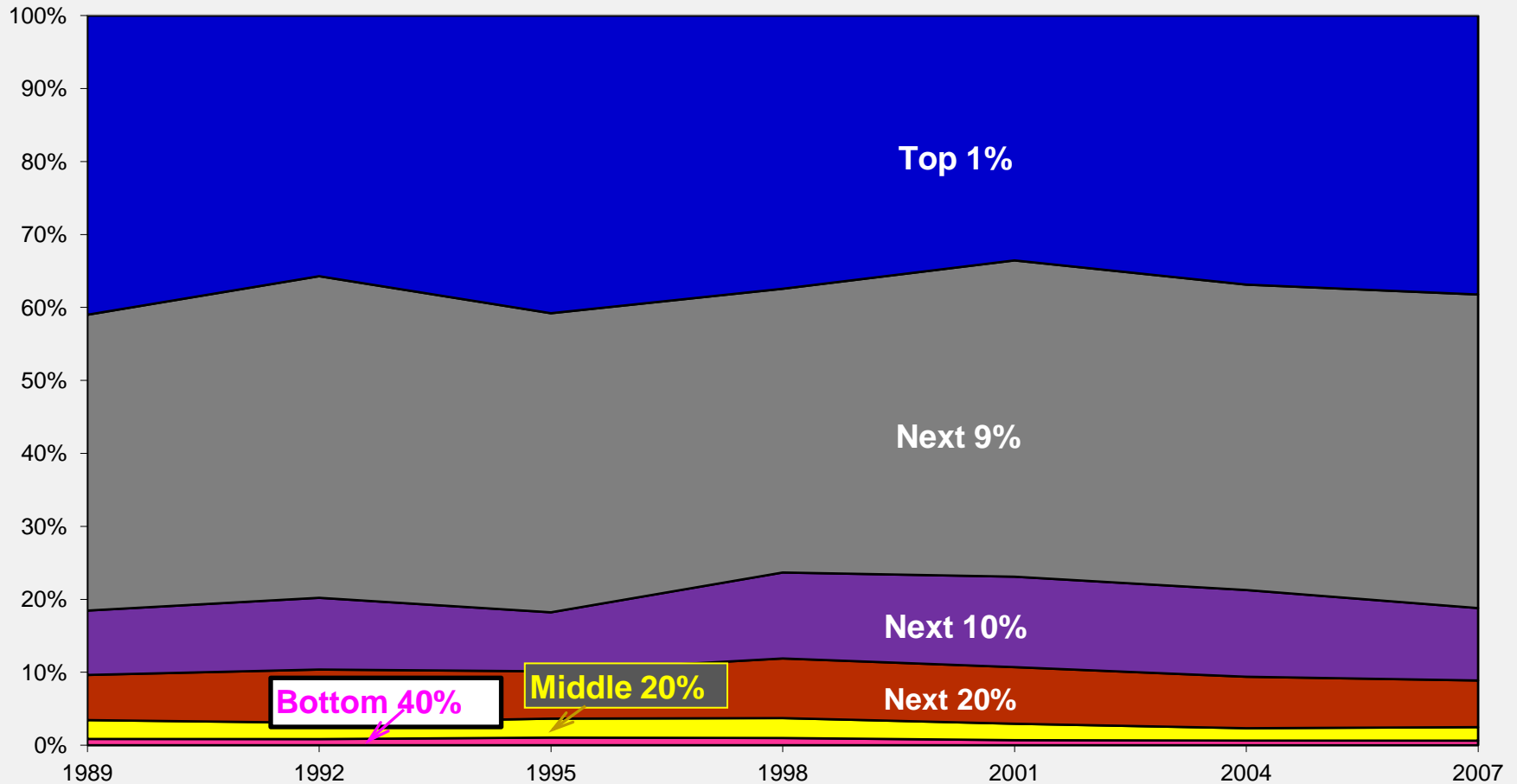


The rich are getting richer!

Trickle up economics. Wealth 1983-2009



The Dow ain't gonna save you



Source: Allegretto 2011 "The State of America's Wealth 2011"

What/Who is to Blame for State Budget Gaps?

The Housing Bust & the Great Recession!!!

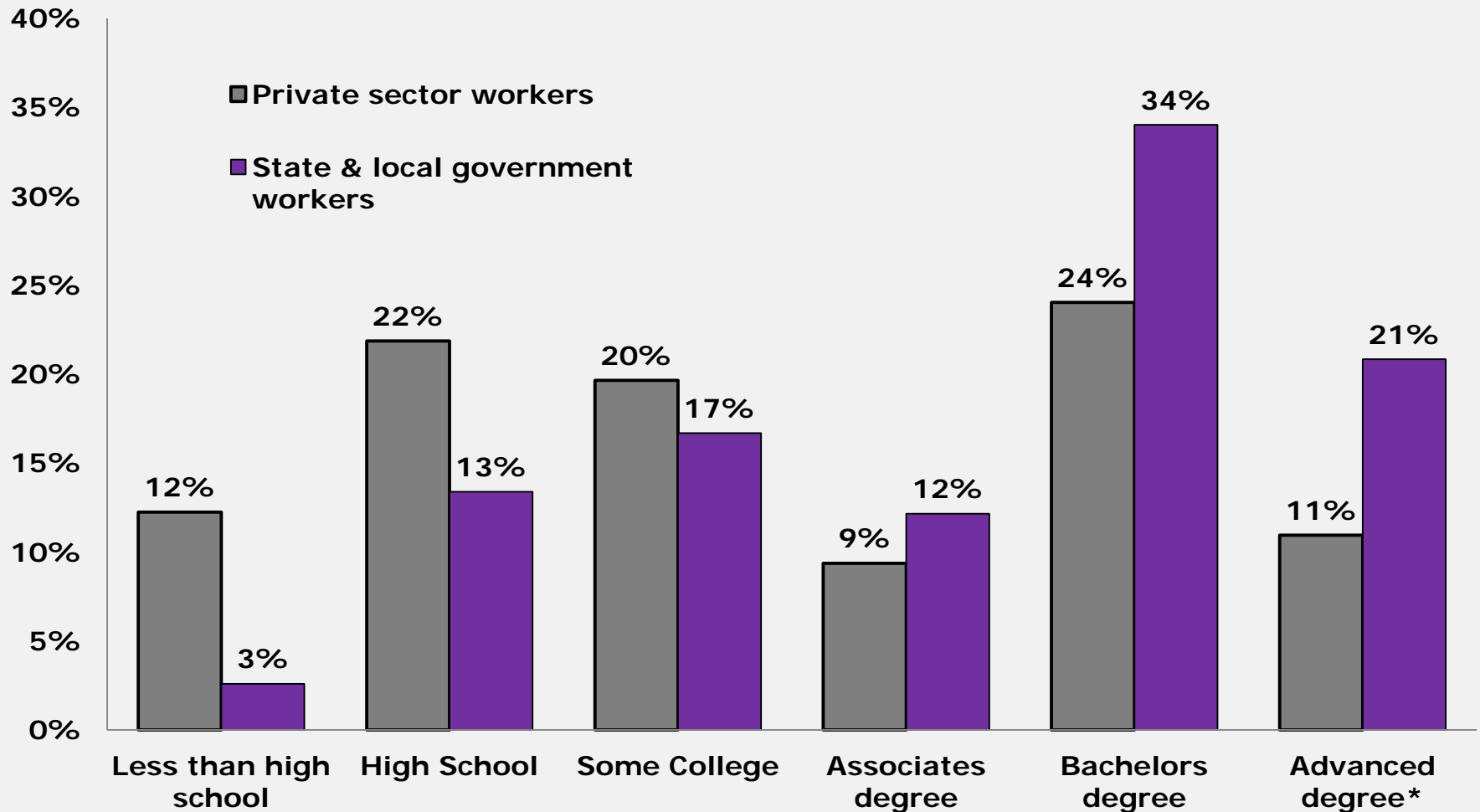
Brought to you by the Wizards of Wall Street & the Banksters

CEOs of Bell.

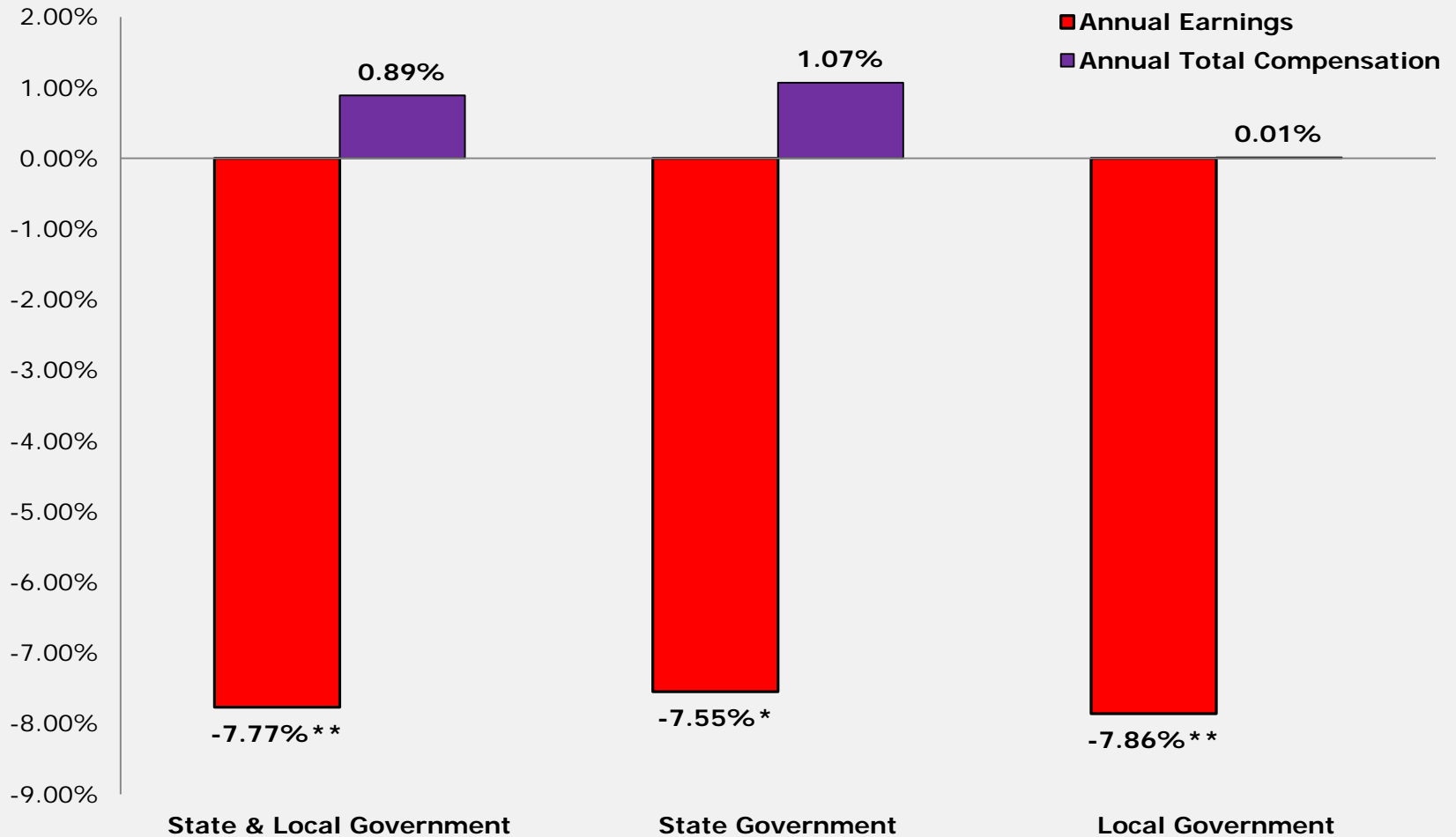
**Robert Rizzo, former city manager of Bell, California,
was making \$787,638 per year in that position.**



Educational attainment of California's workers



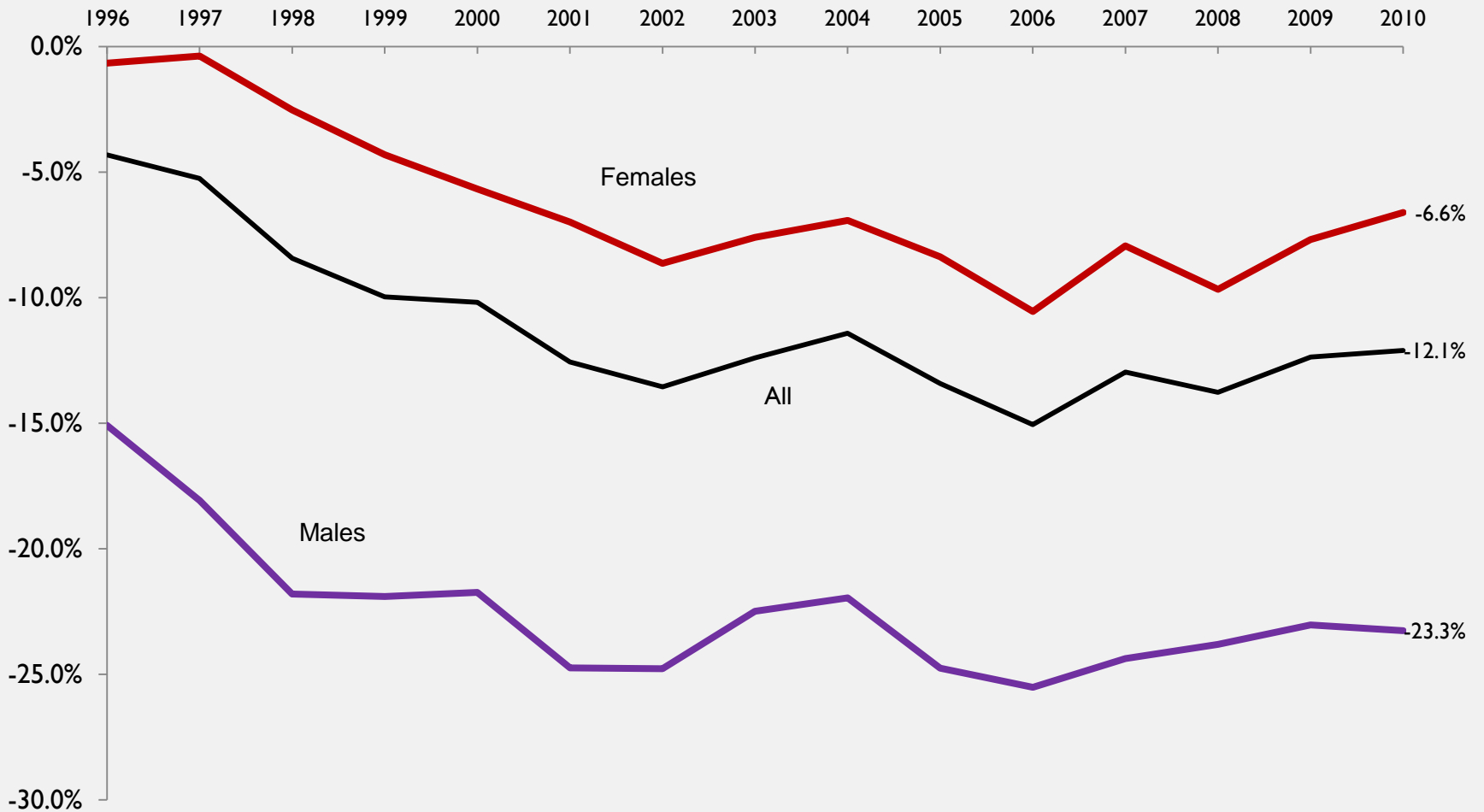
Comparison of CAs public vs. private sector earnings and total compensation



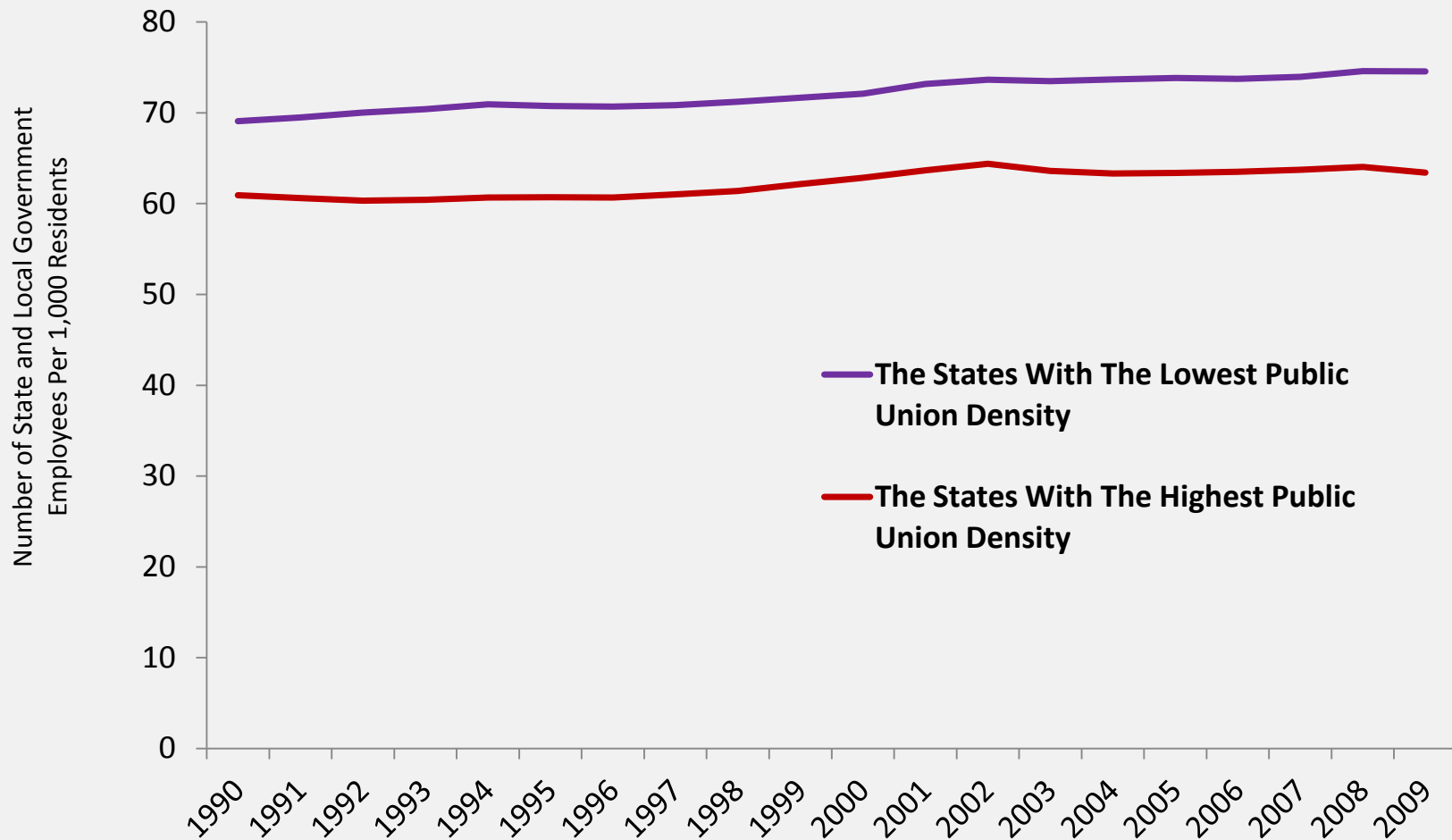
Note: **1% and *5% significance levels.
Source: Allegretto & Keefe CWED Brief October 2010.

Allegretto 2011

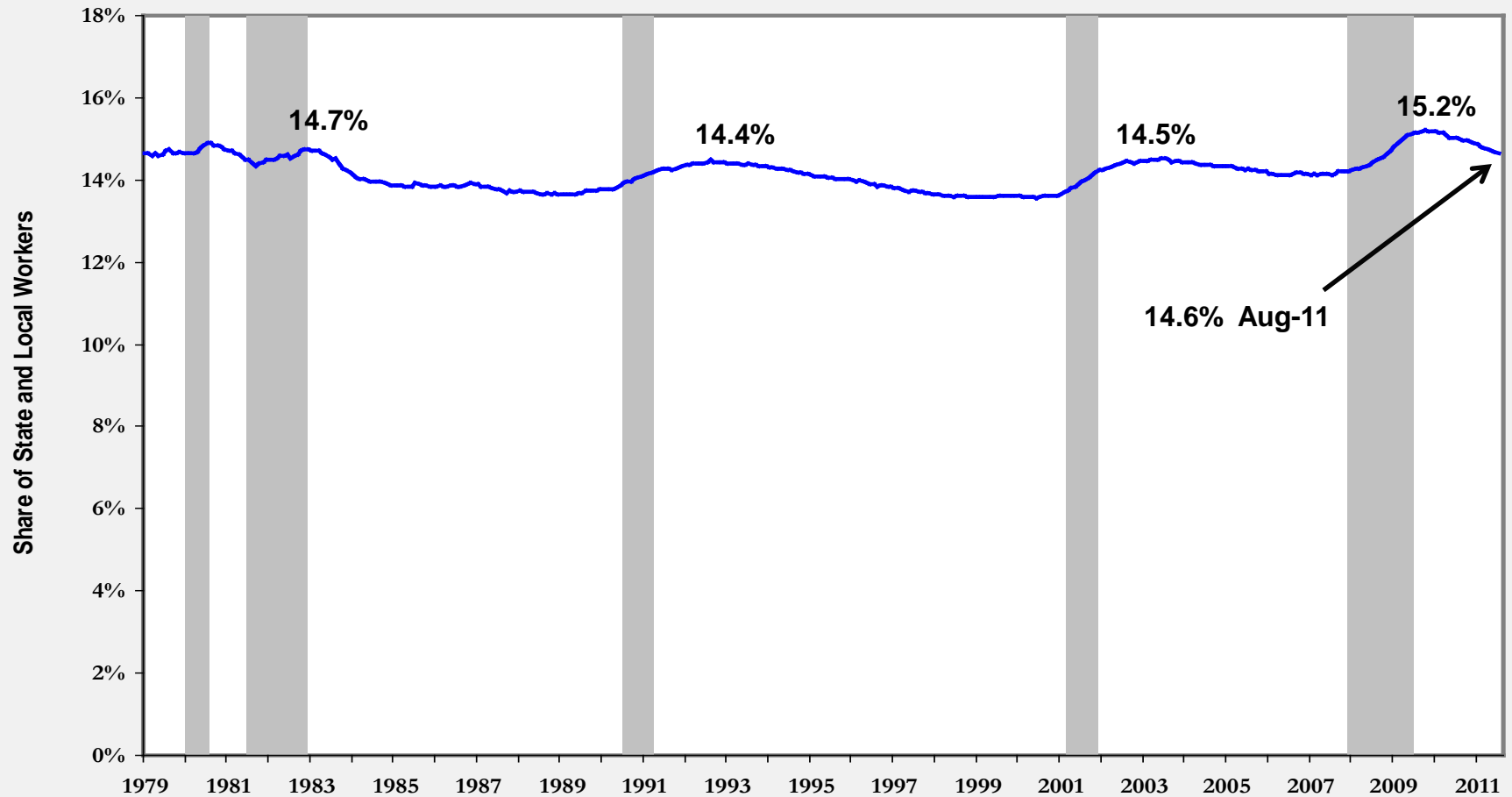
Teacher pay



High Public Union Density Does Not Mean More Public Workers



State and Local jobs as a Share of all jobs



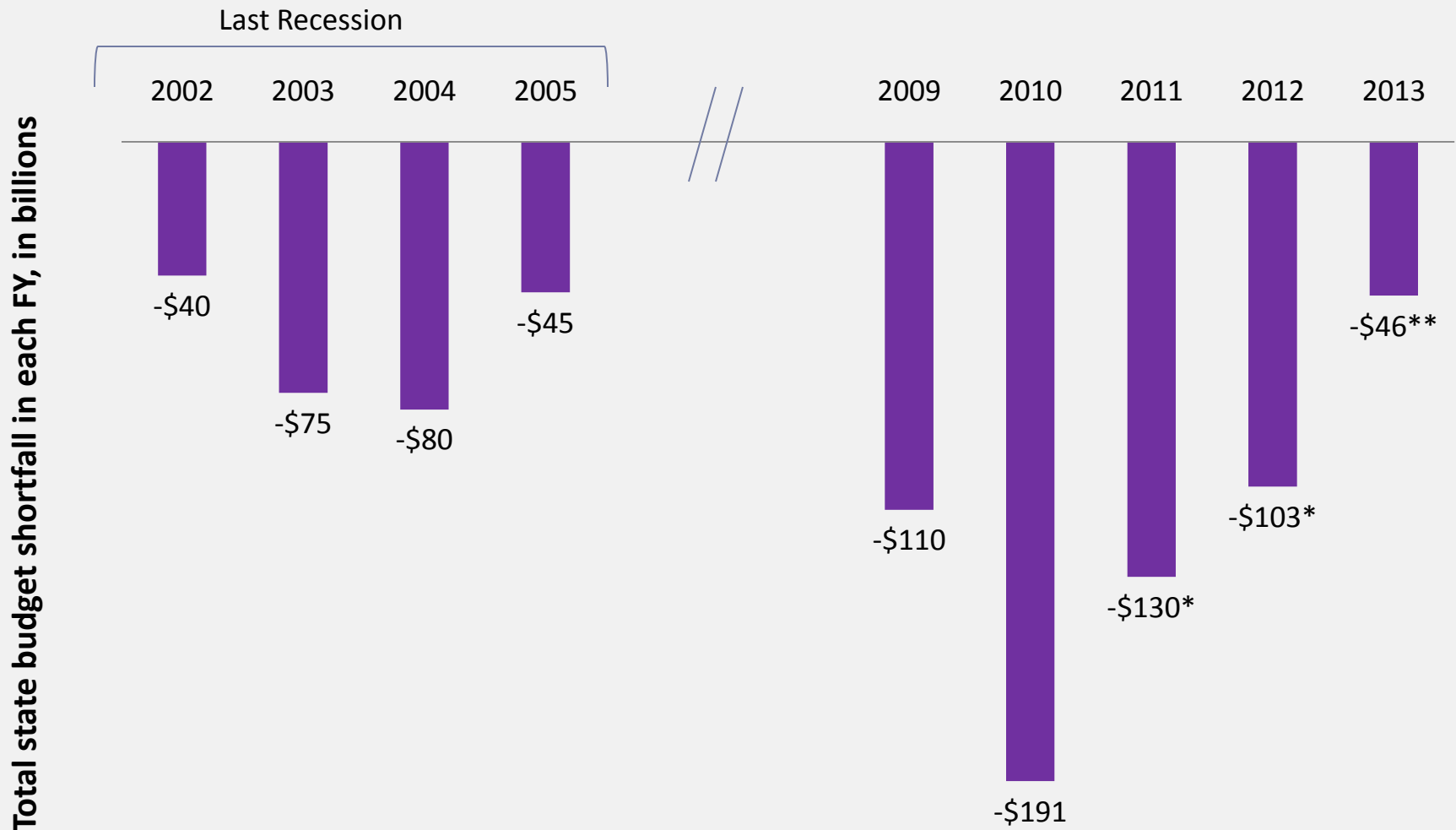
The Housing Bust

Specifications		(1)	(2)
Controls:			
Public sector union density	coeff	0.245*	0.114
	se	(0.097)	(0.082)
House price decline	coeff	--	-0.561**
	se	--	(0.11)
Set of union dummy variables		N	N
Adjusted R ²		0.096	0.421

Note: **1% and *5% significance levels. FHFA State house price change 2005-10 From Allegretto, Jacobs & Lucia, 2011.

Allegretto 2011

Largest Shortfall on Record



*Reported to date ;** Preliminary. From Allegretto, Jacobs,& Lucia, 2011
Source: Center on Budget and Policy Priorities 2011

What the hell has been going on?

The “Free Market” is
BS rhetoric



Oh, Oh, Oh, Oh just like a YoYo

*~The Osmonds 1971 smash hit
#3 Billboard Hot 100!*

- Rise & fall on merit or luck
- Doubling down on free market ideals
- Dismantling of public services & goods
- Shrinking social & worker safety nets
- Anti-labor sentiment & regulation
- Erosion of workers rights
- Shifting the tax, health care & retirement burden to workers
- Vilified public sector workers & government

A question of ideology...

A century of change in reverse:

- ▶ **Unions leveling the playing field**
- ▶ **Progressive tax structure**
- ▶ **Investments in education**
- ▶ **Workers' compensation**
- ▶ **Unemployment Insurance**
- ▶ **Social security & Medicare**
- ▶ **Child labor laws**
- ▶ **Pension plans & dignity in retirement**
- ▶ **Employer provided health care**

The United Corporations of America?

**A Plutocracy of the 1%,
by the 1%, for the 1%**

