



Articles & Commentaries



p-Watch — USA



by Michael Manson, long and closely associated with the APO when he was the Assistant Director of the East-West Center's Institute of Economic Development and Politics in Honolulu. He helped to initiate a number of collaboration programs between the APO and the East-West Center. Manson also served in the Asian Development Bank, and was Director of Communications with the State of Hawaii's Department of Business, Economic Development and Tourism. He is presently an educator, and a regular contributor to this column.

A Modern "Whodunit"?

The US economy is in a bad spot with some chance of rescue on the horizon. But for the time being the economic landscape is not a pretty sight. There would be some sense of satisfaction on the part of many if blame for the current mess could be laid at the feet of the guilty parties and we could extract a simple apology: "Sorry, our fault."

Perhaps then there would not be so much acrimony in my hometown over the proposal to borrow money to build a new elementary school, prevent the firing of teachers, and increase class size. An apology might even reduce the anger over potholes in the streets, fewer police and firemen to protect the public, and the closing of shelters and food pantries for the poor. Someone has to accept responsibility for the angst that has infected the American public.

Could the guilty be those "white-skinned people with blue eyes" whom Brazilian President Luiz Inacio Lula da Silva has accused recently, referring to Anglo-Saxon capitalism? Perhaps, but then why would the US government reward the guilty with one-half percent loans and taxpayer bailouts? Maybe the guilty are the old-boy Wall Street network and the economic elite who have profited handsomely from revolving chairs in corporate America and government. Maybe it is the real estate firms and mortgage bankers who knew people with no jobs and no money might have trouble paying back loans for \$400,000 homes. There are so many likely suspects that Sherlock Holmes would be guaranteed lifetime employment.

If you believe that any of the above is the prime suspect for crimes against the US and global economy, think again. There are those who believe that they have solved the crime and identified "whodunit." Yes, it was the unions. Their continual struggle to thwart productivity and innovation and selfishly lobby for a minimum wage that brings workers closer to the poverty line have ruined the economy. Say what?

Captain Chesley Sullenberger, the pilot who safely landed his plane on the

Hudson River and saved the lives of his passengers, mentioned how difficult it was to make a living under the new salary structures that emerged after pilots' wages and pensions were decimated under the bankruptcy reorganizations of the airline industry. The steel industry that so cleverly used bankruptcy and reorganization to eliminate union wages is often cited as a critical step in improving the US economy. And, of course, we have our current culprits: the automobile workers' unions and teachers' unions.

"What is needed is one of the real perpetrators to step forward and take responsibility for tearing communities apart as they share the economic leftovers of greed and malfeasance in the financial sector."

Because I belong to a faculty union, let us start with teachers' unions. I have also briefly headed a school that had no union. Being close to the debate over the evils of teachers' unions and having reflected on the issue from both the union and antiunion camps, I feel compelled to report that blaming teachers' unions is a red herring. If you want to make progress in improving American education (i.e., global competitiveness), drop the antiunion rhetoric and focus on the real issues of poverty, broken homes, parent accountability, small class size, hands-on educational opportunities, and enhanced technology in the classroom. If we are serious about quality education, put education at the head of the money food chain, and do not regard it as the first and most convenient area to cut funding when tax revenues come up short. It is disappointing, therefore, for me to hear the refrain from the US government administration that unions are a major hurdle to improving education.

I am sure that the automotive workers' unions could have taught Detroit's management many lessons. Or Detroit could have listened to the consumers to improve its product. Admittedly, the automobile workers' unions lost touch with mainstream American thinking and padded their benefits a little too thickly for broad public support. But to assign blame to the unions for America's economic decline, as Jack and Suzy Welch did in a recent Business Week essay, is misdirecting the detectives who are seeking those "whodunit." The Welches wrote, "...three recent events should make you worry. Each suggests a rising tide of union influence and the concomitant lowering of American competitiveness, just when our country can least afford it." I do not believe that it would be accurate to blame unions for the current 75% drop in the value of GE stock. [Author's note: I grew up in a GE town, and the unionized workers of the local GE plant were the lifeblood of that city. When union jobs left the city, the city suffered a slow economic death.]

I suggest that history will show that unions were responsible for the growth of the middle class and their habitat, the suburbs. They allowed workers to buy cars, new homes, and boats and to visit Disneyland. They sent their kids to colleges that their own parents could never have afforded themselves and provided the manpower to fill the ranks of the military. Now the middle class is in a pitched battle in my little hometown over how to survive in the current economic downturn and whether it can afford to build a new elementary school. The roadside signs bespeak a highly emotional battle between foes and supporters of the school: "Save our town, vote no" or "It's no joke, we're broke, vote no." What is needed is one of the real perpetrators to step forward and take responsibility for tearing communities apart as they share the economic leftovers of greed and malfeasance in the financial sector.

A good starting point for healing would be an admission by big business and government that historically unions have served Americans well. It would also be useful for unions to admit that their bureaucratic and undemocratic ways have, at times, blocked innovation and productivity. Now that push has come to shove, we have learned that business trumps labor. The business-government nexus must now realize its immense responsibility for providing the American worker with hope for a middle-class existence without union protection or prodding. Once the dust from this economic storm settles, workers will be more vulnerable than ever. What choice will government and business elites make regarding labor's future? Will the mantra of rugged individualism be invoked to rationalize the greatest discrepancy in income levels since the Great Depression?

Under US President Franklin Delano Roosevelt's New Deal of the 1930s and presently under President Barak Obama's stimulus plan, the USA is moderating its stance toward a hands-off economic ideology. (Welcome back, Mr. John Maynard Keynes.) What is needed to move America forward are practical plans without ideology. That unions are to blame for America's economic malaise is not a good place to start as it desecrates the sacrifices and contributions that labor unions have made for America's greatness. A better place to start is to penalize those "whodunit," and Wall Street appears a more likely crime scene than Main Street.



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