# Label Letter

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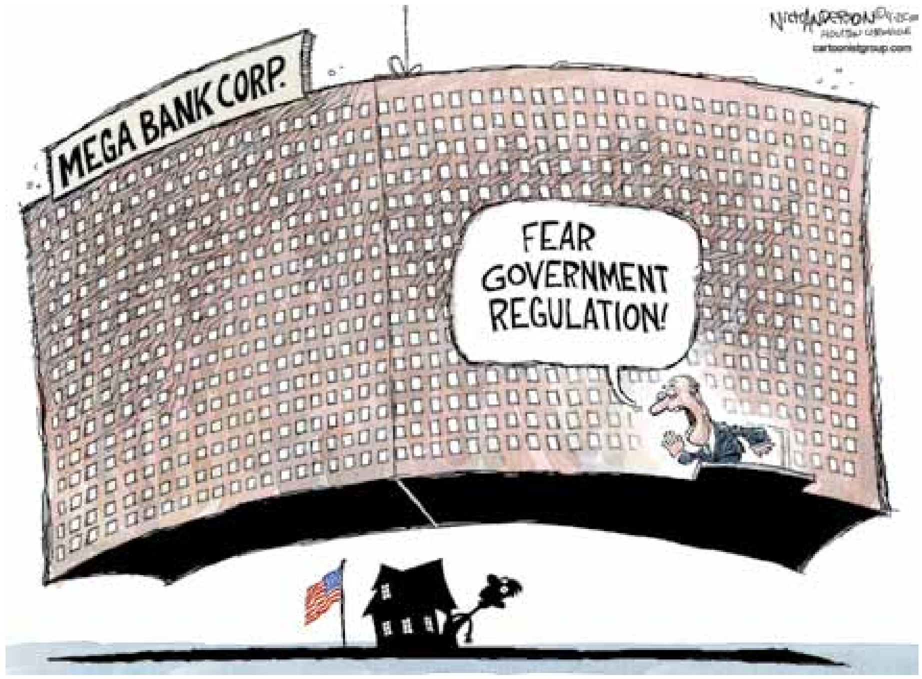
Nov–Dec 2011

Union Label & Service Trades Department, AFL-CIO

# Taking Control of Our Financial Future

## Americans Are Bailing Out on Banks Too Big to Care; Credit Unions, Partnership and State-Run Banks Offer Alternatives




When Bank of America and Wells Fargo tried to foist off expensive new debit card fees to customers earlier this year, the move touched off a consumer revolt that yielded 650,000 new accounts and infused some $4.5 billion in new business for credit unions in the space of a month. It also added momentum to the public banking movement, a grass roots effort encouraging states to consider laws that encourage publicly-owned banks that could revive community banks and open up the spigot for affordable and reliable small business and consumer credit.

Earlier this year, the big banks had wanted to recoup expected "losses" they would experience under new consumer protection regulations contained in the Dodd Frank law that limited what they could charge merchants for using credit and debit cards. They also tried to create a consumer push back against the legislation. Their plan didn't work. According to consumer reports, bank customers are already saddled with an average of $327 a year in "hidden fees" just for checking accounts from the big banks and the new fees felt like salt in a wound.

Combined with the bad publicity banks have earned with high-handed foreclosure practices and revelations about slap dash record keeping, America's big banks appear to be veritable billboards for arrogance. The unintended consequence of the planned fees was a stampede of customers who moved their accounts to credit unions.

The Federal Reserve says 30 huge companies dominate the banking and finance landscape and have for the past decade. These are the same companies that preyed on hapless homeowners; marketed high risk loans to individuals and small businesses that could not afford them; bet on the failure of their own customers with credit default swaps; rigged bids in big credit deals; and enjoyed windfall profits. (Bank revenues increased by over 48% this year, and profits through the 3rd Quarter of 2011 were up by more than $11 billion from the previous year.) These same bankers just couldn't understand the lack of "loyalty" their customer base demonstrated. Oh well, who needs customers when you've got politicians eager and willing to shovel trillions of dol-

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### Top 10 U.S. Banks & Their Assets

| | |
|---|---|
| BANK OF AMERICA | $2.3 Trillion |
| J.P. MORGAN CHASE | $2.1 Trillion |
| CITIGROUP INC. | $2.0 Trillion |
| WELLS FARGO & CO. | $1.223 Trillion |
| GOLDMAN SACHS | $880.6 Billion |
| MORGAN STANLEY | $819.7 Billion |
| METLIFE, INC. | $565.5 Billion |
| BARCLAYS GROUP | $427.8 Billion |
| TAUNUS CORP | $364 Billion |
| HSBC | $345.3 Billion |

*continued from page 1*

lars worth of welfare to bail you out when deals go south?

A decade ago, banks had to choose between either providing traditional banking services—checking and savings accounts, residential and commercial loans—or selling insurance and investment and brokerage services. Passage of the Gramm-Leach-Bliley "Financial Modernization" Act enabled the big banks to become financial supermarkets. In 1990, according to the Federal Deposit Insurance Corporation, there were 15,162 financial institutions with assets totaling $4.6 trillion; in 2010, there were 7,657 with assets totaling $13.3 trillion. Less than half as many banks holding three times as many assets.

## The Public Bank Movement

It's pretty clear on Main Street that the movement to ginormous banks has been a key element in America's financial morass. The disappearance of community banks with their connection to local businesses and ordinary depositors is deeply felt. Putting that egg back in its shell may not be possible, but the movement toward publicly-owned banks, with a chartered obligation to citizens of a specific jurisdiction has an appeal. In Oregon, activists have linked public banking or "partnership" banking to the "think local" concept. In legislative hearings around the state, supporters have pressed the issue with the slogan: "buy local, eat local, bank local."

The Public Banking Institute (www.publicbankinginstitute.org) is the focal point of efforts to get states to investigate the public option. So far, PBI has established a presence in 32 states and has set up volunteers to coordinate state information and lobbying efforts in 24 of those states. PBI is recruiting volunteer coordinators in the rest of the states through its website.

## Setting Up Public Banks

PBI reports that 14 states are actively considering legislation related to public banking; more are expected to pick up on the issue in the 2012 legislative sessions.

PBI's website points out that publicly-owned and managed banks offer substantial benefits, not limited to the obvious revival of community-based banks with their connections to local businesses, entrepreneurs and homeowners. For example, they say, it's no coincidence that North Dakota—currently the only state in the nation with its own bank—has weathered the recession with consistent economic growth, an unemployment rate of under 4% and without a state budget deficit.

For states groping for alternatives to persistent budget cuts and reduced services, state-owned banks offer the advantage of keeping assets—pension funds, tax revenues, rainy day funds, capital improvement funds—within the state's borders and out of the hands of the monster global banks (on Main Street and away from Wall Street).

After more than three years of austerity budgeting, still 48 of the 50 states continue to face gaping deficits (expected to reach $46 billion in the coming year). Double-digit unemployment has choked off tax revenues to a trickle in most states. In the frantic search for a magic formula to replenish state coffers devastated by the longest and deepest economic disaster since the Great Depression, states under the control of conservative lawmakers and governors have attacked collective bargaining and initiated deep and permanent cuts to their budgets for education and public services—firing public safety workers and teachers, eliminating libraries, cutting transportation services, and reducing infrastructure investment to a bare minimum. Some states have turned to expanding legalized gambling. By now its clear: those ideas are proving inadequate for closing budget gaps and—in the long run—unworkable.

## Commercial Bankers Opposed

The American Bankers Association (ABA) opposes state banks, calling the concept a "socialist idea" and claiming that startup costs would run into the billions. Countering the ABA, PBI points out that most states already have more than sufficient cash assets that are now being managed by big commercial financial institutions, cash that would easily be convertible into a publicly managed bank. Using the generally accepted leverage ratio of $10 to $1, it would take just a fraction of those assets to set up a state or publicly run bank. Moving that money would not undermine the earning power of these funds. It could, however, help make credit available to small, local businesses, something the big commercial banks currently refuse to do. ■

The U.S. banking and finance industry reported spending $47 million this year for lobbying and contributed more than $123 million to help re-elect members of Congress last year—led by Goldman Sachs ($1.158 million); Bank of America ($1.067 million) and the American Bankers Association ($981,950).

Goldman Sachs enjoys a special place in the hearts of at least 19 incumbent members of Congress who hold Goldman Sachs stock. The portfolios average $812,900. According to the Open Secrets Blog, both House Speaker John Boehner (R-OH) and his second in command, Erik Cantor (R-VA), are among the 19.

# The Day of Reckoning Has Arrived.

Main Street is not just angry, it is outraged.

Spurred by deregulation, 30 banks have come to dominate the industry and small community banks have all but disappeared. The big 30 (see the list on page 1) are the product of an explosion of mergers that began even before 1999 when Congress deregulated the industry and gave financial institutions even greater freedom with legislation "modernizing" banking products. For the banking industry, that was the green light to create exotic investment products called "derivatives," like "credit default swaps" and opened the gates for rampant speculation. It only took the banking industry about eight years to nearly implode the U.S. economy and hobble economies worldwide. American taxpayers rescued the industry with federal bailout funds and almost immediately the banks returned to their wayward habits, passing out lavish bonuses to bank executives.

# What You See When You Look for the Label

In the 1970s, union families found themselves humming that familiar tune made popular by a chorus of women from the International Ladies Garment Workers Union (ILGWU) straight out of New York garment shops. The lyrics were simple and catchy:

"Look for the union label // When you are buying a coat, dress or blouse. // Remember somewhere our union's sewing // our wages going to feed the kids and run the house, // We work hard but who's complaining. // Thanks to the I.L.G. we're paying our way. // So, always look for the union label, // it says we're able to make it in the U.S.A." (www.youtube.com/watch?v=QO7VUklDlQw)

The song was one of those that got in your head and never left, even though the ad was aired a mere 60 times over seven years. The ILG paid about $8 million for the entire campaign and awakened label curiosity among millions of shoppers—spurring them to seek out labels beyond garments and to look on tools, hardware, autos, appliances and foodstuffs as well.

Today, shoppers who look at labels in the U.S. marketplace are more often disappointed than rewarded. The only thing more rare than a made-in-the-USA label in 2011 is the union label, which has practically disappeared save for printed materials or some varieties of Miller Beer.

## U.S. Law is Clear

When it comes to labeling products, U.S. law is pretty clear. First of all, the U.S. Customs Service requires that every product imported into the United States, with a few minor exceptions, must be labeled with its country of origin—where it was made.

Imported food is also regulated by the U.S. Department of Agriculture under a 2004 law that requires food products to be labeled as to their source country. The 2004 Country of Origin Labeling (COOL) Act has come under fire from several foreign countries, most notably Mexico and Canada, with claims that the requirement is a "barrier to trade" under NAFTA. That matter is still being hashed out.

Finally, the Federal Trade Commission (FTC) enforces country of origin labeling requirements for textiles and furs. The FTC also gets involved in enforcement if manufacturers make false or misleading claims about the source of a product.

Manufacturers know that deep down many Americans would buy union and that the majority would prefer U.S. made goods if only they could find them. Some producers will even go so far as to cheat and they run the risk of paying significant fines, but only if they get caught and the FTC doesn't have a label police force. The FTC generally relies on reports by consumers or competitors who blow the whistle on scofflaws.

More aggressive label enforcement falls to the U.S. Customs Service, a branch of the Treasury Department. Customs' involvement is triggered most frequently if an importer tries to distribute products for sale in the U.S. without the country of origin clearly labeled so that the final consumer can see it. If an importer gets caught attempting to distribute products without the country of origin plainly shown on the product, that importer can be required to either: recall and correctly label the product, return the entire shipment to its source, or surrender the shipment to Customs to be destroyed.

## Keeping Merchants Honest

The FTC's primary role is to fight against deceptive business practices, not to police where products are made. For instance, claiming a product is made in America when it is not is a deceptive business practice that the FTC would be responsible for punishing. Likewise, it's punishable for a carmaker to make false claims about higher fuel efficiency, or to assert phony claims about the energy usage of an appliance.

The FTC—the agency charged with trying to keep merchants honest about product claims—requires that a label that says: "Made in America," or some variation, then "all or virtually all" of the product must be from the U.S. and assembled in the U.S. The FTC adopted that rule over 60 years ago and affirmed it most recently in 1997.

A "Made-in-the-USA" statement on a label would be an example of what the FTC calls an "unqualified" claim of U.S. manufacture.

On the other hand, a label might say "assembled in the U.S." from components made elsewhere. Such a claim would fall under the FTC's description of a "qualified claim." A qualified claim might also include the percentage of domestic components and a listing of the countries of origin for those components that are not from the U.S. As long as such claims are true they are within the law.

Finally, the FTC says, whether a claim of U.S. origin is implied or asserted, it has to be true. The important point is that businesses are not allowed to lie to consumers about where a product is made or how it performs, but it's mostly up to consumers or competitors to file complaints about such deceptive practices because the government just doesn't have the resources to keep cops in the marketplace. ■

## Let the Buyer Beware:

### It's Up to You to Demand Truth in Labeling

A local union president recently wrote to the Union Label Department complaining that an order of imprinted shirts the union had purchased was delivered with no labels inside at all. The union had stipulated that the shirts be made in the USA. When he questioned the vendor the local president was told that the labels had been removed because the information on it would have enabled the purchaser to go around the vendor and make future orders directly.

Foul!

The Department found that the shirts, marketed by Alpha Marketing and sold under the brand name, Harriton, do not claim to be made in the USA. The embroidery company had to know that fact.

Suggestion: If you set out to get apparel with your union logo attached, deal with a firm that will certify the source of the product and deliver the product with the manufacturer's label attached.

# The Wisconsin Experience

John Nichols of the Madison, Wisconsin *Capital Times*, commenting on Wisconsin Gov. Scott Walker's persistent efforts to disparage pro-worker policies in Illinois as "job killers" while trying to defend his own anti-union policies, writes:

"The October jobs figures for the United States were just released. Illinois led the nation in job creation, adding 30,000 new jobs.

"And what about Wisconsin?

"Under Walker, Wisconsin now leads the nation in job losses. In fact, of the states that the U.S. Bureau of Labor Statistics described as experiencing 'statistically significant unemployment changes' in October, only one actually lost jobs: Wisconsin (9,700—almost all of them in the private sector)."

Nichols goes on to explain that Wisconsin's job losses track right along with the so-called "reforms" Walker rammed through the legislature.

Nichols points out that Wisconsin's job losses are part of a pattern that began around the time that Walker's "reforms" took hold starting last May.

"There are a lot of reasons why Wisconsinites are lining up to sign recall petitions," Nichols said. Before December 1st, leaders of the recall effort reported they had already collected more than half the 542,000 signatures they will need to get the recall on next year's ballot.

"Citizens are concerned about the governor's assaults on basic rights and his undermining of the authority of elected schools boards and town boards. They are angry that he said one thing on the campaign trail in 2010 and did something else altogether as governor.

"But the damage the governor's policies have done to Wisconsin's economy is no small factor in the popularity of the recall movement. When Illinois is creating jobs while our state is losing them, it is clear that Walker isn't working for Wisconsin."

John Nichols is the associate editor of *The Capital Times*. jnichols@madison.com

Read more: *http://host.madison.com/ct/news/opinion/column/john_nichols/john-nichols-under-walker-wisconsin-is-no-job-loser/article_e8984ba1-f2c5-5f5a-bc96-943cf53e8fd8.html#ixzz1f2PlZi7W*

# Bastian Brothers: All Union Since 1895

Their products identify law enforcement officers all over the nation. They also craft badges for firefighters and security firms, lapel pins and key chains, belt buckles, convention badges, luggage tags and magnetic sculptures. Depending on where they work along the production process, artisans and craft workers employed by Bastian Brothers are represented either by the International Brotherhood of Boilermakers or the International Association of Machinists.

In business since 1895, the all-union Bastian Brothers operation proudly displays its union credentials on its company website, along with its professional certification as a member of the Advertising Specialty Institute.

# Walk In My Shoes

## MATT KOLODZIE, FEDERAL FIREFIGHTER

I am a Federal Employee and a member of the National Federation of Federal Employees (NFFE-IAM).

I started working for the federal government in 2003 as a firefighter for the Department of Army. What I didn't know at the time was that we federal firefighters work many more hours than the municipal firefighters. We are required to work 72 hours a week, whereas the private sector works a 40 hour week. Those extra hours keep me from my family.

Now everyone claims as a federal employee that I am compensated very well for the extra hours… I make actually less money than a five-year employee at the New York Fire Department, with my eight years of service with Uncle Sam. The attacks on federal employees have to stop! People really need to do their homework before thinking we are all just fat cats rolling in money.

Now with my pay frozen I will be even further behind in pay than the other local firefighters. Just another blow to the federal workforce in general if you ask me. As a federal firefighter I am protecting those who serve America! Why am I getting made out to be no good, when I am doing so much for those who serve America?

Federal firefighter Matt Kolodzie (center, in mask) dons protective gear during a team drill.

# AFL-CIO NATIONAL BOYCOTTS

NOV–DEC 2011

DON'T BUY DON'T BUY DON'T BUY DON'T BUY

## HOSPITALITY, TRANSPORTATION & TRAVEL

### SUBMITTED BY UNITE HERE

**ANCHORAGE, AK,** Hilton; Sheraton;

**ARLINGTON, VA,** Hilton, Crystal City; Sheraton Crystal City

**BALTIMORE,** Sheraton Baltimore

**BOSTON,** Hyatt Harborside Logan; Hyatt Regency

**CAMBRIDGE,** Hyatt Grand

**CHICAGO,** Congress Plaza; Hyatt Regency Chicago; Hyatt Regency O'Hare; Hyatt, Park Hyatt; Westin Chicago Northwest; Wyndham Suites

**INDIANAPOLIS,** Hyatt Regency

**IRVINE, CA,** Embassy Suites Irvine

**LONG BEACH, CA,** Hilton Long Beach; Hyatt Regency Long Beach

**LOS ANGELES,** Wilshire Plaza

**SACRAMENTO,** Arden West, Hilton Sacramento, Hyatt Regency Sacramento

**SAN DIEGO,** Westin Emerald Plaza

**SAN FRANCISCO,** Hyatt Regency Embarcadero; Hyatt, Fisherman's Wharf; Hyatt, Grand Stockton; Le Meridien

**SANTA CLARA,** Hyatt Regency, Santa Clara

**WASHINGTON, D.C.,** Westin City Center

### SUBMITTED BY International Longshore & Warehouse Union (ILWU)

**WAIKIKI, HAWAII,** Pacific Beach Hotel, Management: HTH

## ENTERTAINMENT & RECREATION

### SUBMITTED BY Communications Workers of America

**ECHOSTAR DISHNETWORK** Satellite Television Service

### SUBMITTED BY International Brotherhood of Electrical Workers (IBEW)

**SINCLAIR BROADCASTING** 55 stations in 33 U.S. Markets. Go to www.unionlabel.org and click "Boycotts" to find the stations in your area

## LEGAL

### SUBMITTED BY American Federation of State, County and Municipal Employees

**GLEASON, DUNN, WALSH & O'SHEA**

## OTHERS

### SUBMITTED BY Bakery, Confectionery, Tobacco Workers & Grain Millers International Union

**R.J. REYNOLDS TOBACCO CO.** Camel (cigarettes, snus, orbs, strips and sticks), Pall Mall, Winston, Salem, Doral, Kool, Misty, Capri. Santa Fe Natural Tobacco Co. is a non-union sister company of RJR producing Santa Fe Natural American Spirit cigarettes.

# PUT A UNION LABEL ON IT

## How Do You Display Your Union Pride?

Every union has a label, but how many get that label imprinted on their products or on a service card displayed in an enterprise? Some time ago, Lincoln Cushing, a librarian in the California public school system, suggested that teachers and librarians stamp the tests, handouts and information sheets that they generate with an AFT logo along with the notation: Produced by AFT Labor. As long as the item is something that the member produced the claim is valid and the use of the label is legitimate.

Here's what Jane Hundertmark, editor of the California Teacher, wrote about the idea: "Few students going to school are aware that their teachers, or their librarians, or their office clerks are union members… It's time that we reclaim the turf, and take advantage of every opportunity to let the public know that union members make these institutions work. Members can, and should, add a 'produced with AFT labor' stamp on their work."

How do you display your union pride? Let us know. E-mail ideas and suggestions to: info@unionlabel.org.


**Label Letter**

Union Label & Service Trades Dept., AFL-CIO
815 16th St. N.W. • Washington, D.C. 20006

www.unionlabel.org
www.shopunionmade.org
E-mail: ULSTD@unionlabel.org

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TIME VALUE

## In This Issue…





# EndNotes

By Rich Kline, *President, UL&STD*

## *Frustration Builds as Shoppers Look For Union-Made, American-Made Goods*

As documented in our article on page 3, the search for union-made, American-made goods is daunting. A rabbit warren of rules and regulations, laws and treaties impinge on what should be a simple matter: made here, not made here. Made union, not made union, is even more difficult to discern on the spot at the point of sale in most cases. Some research at www.unionlabel.org or other union websites may provide the necessary data for an informed purchaser.

First, items made in the 50 states and US territories are considered American-made. This sounds reasonable. But American-made in Guam, Saipan, American Samoa, Northern Mariana Islands and the US Virgin Islands, just isn't quite the same in terms of labor rights and protections or taxes paid. In fact, in these locations, foreign and American companies often exploit workers and then hide behind the USA-made label.

According to the Federal Trade Commission, "Made in USA" means that "all or virtually all" the product has been made in America. That is, all significant parts, processing and labor that go into the product must be of U.S. origin. Products should not contain any—or only negligible—foreign content. The FTC's Enforcement Policy Statement and its business guide, "Complying with the Made in USA Standard," spell out the details of the standard, with examples of situations when domestic origin claims would be accurate and when they would be inappropriate. See ftc.gov/os/statutes/usajump.htm for more information.

For most products: Unless the product is an automobile or a textile or wool product, there's no law that requires manufacturers and marketers to make a "Made in USA" claim. If a business chooses to make the claim, however, the FTC's "Made in USA" "all or virtually all" standard applies.

Here's where it gets little sticky. The producer or vendor may have an interest in fudging the percentages. Co-mingling domestically produced goods with those that foreign-made complicates the problems faced by consumers attempting to Buy American. However, there is a standard as stated above: consumers can tell merchants that they are looking for goods in compliance with the FTC rules.

We have all seen the "Assembled in USA from foreign-made parts" notation. How much assembly is required: substantial. But the FTC lacks an inspection arm, and it relies upon consumers to flag violations. Perhaps the best enforcement is to refuse to purchase an item, tell the merchant why it is being rejected and ask if an All-American product can be substituted by the store. And it pays to have some information available: the name of a union-made, American-made product to replace the undesirable one.

This Label Letter will reach most readers after Buy Union Week, November 25 to December 4, but the week stands as both a symbol and a model for every other week in the year. Look for the Union Label, demand American made goods and keep America's working people on the job.