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S&P “bond vigilantes” take aim - at us

By John Case



Standard and Poor's is one of the major private investment rating agencies in the world. Following the collapse of Lehman Brothers in 2008 that precipitated the Lesser Depression, here is how S&P defended its “A” rating for the firm's creditworthiness:

“In our view, Lehman had a strong franchise across its core investment banking, trading, and investment management business. It had adequate liquidity relative to reasonably severe and foreseeable temporary stresses ...

“We believe the downfall of Lehman reflected escalating fears that led to a loss of confidence - ultimately becoming a real threat to Lehman's viability in a way that fundamental credit analysis could not have anticipated with greater levels of certainty.”

In other words, “don't blame us for our colossal error.” The “error” was, of course, primarily a reflection of how compromised the private rating agencies are with respect to the “investment community” they are supposed to be rating. They are so tainted, in fact, that many advocate dismissing their assessments altogether.

The Dodd-Frank financial reform bill was supposed to implement via the SEC (Securities and Exchange Commission) a separation between the rating agencies and those they rate, but, according to economist John Quiggin, this is now dead in

the water due to both Republican and Democratic Blue Dogs on the House and Senate banking committees. Why? Because the only practical alternative would be a public ratings agency - too much socialism for them.

Now comes S & P downgrading U.S. securities following the passage of the debt-ceiling deal, despite a \$2 trillion math error in its deficit forecasts for the U.S. economy:

“... the fiscal consolidation plan that Congress and the Administration recently agreed to falls short of what, in our view, would be necessary to stabilize the government's medium-term

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debt dynamics... the downgrade reflects our view that the effectiveness, stability, and predictability of American policymaking and political institu-

Is it time to hit the streets, or not? Time to organize and move the vigilantes to the sidelines of our society, or not?

tions have weakened at a time of ongoing fiscal and economic challenges”

Predictably, the Republicans are now using the opportunity to blame President Obama for all the nation’s economic woes, even though it was they, and only they, who have held the nation hostage for months.

Where exactly does S&P, a “bond vigilante” for the “investor class” - essentially a finance capitalist business agent with a big economic machine gun - get off passing political judgments, and on the basis of those judgments, demanding higher interest when not a single payment has been missed? Owning a big part of Congress no doubt explains part of it.

Their statement includes criticism that there were not enough cuts or revenue increases in the debt deal, or in likely outcomes from the super-committees empowered by the debt deal. But, as Republican hostage-taking demonstrates, until the Republicans are thrown out of office there will be no taxes on the rich before the 2012 elections are decided.

What will be the immediate impact of the S&P decision? According to experts:

* First, a lot of U.S. treasury investors still pay attention to ratings agencies, including China

- so interest rates on U.S. securities will likely rise, triggering rises across the board on many other securities indexed to U.S. treasury bonds.

* Agency ratings are embedded in global regulations concerning prudent management of investment. If a second major agency were to join S&P in downgrading, large numbers of institutions would be debarred, under existing rules, from investing in Treasury bonds.

A famous Marxist once observed how two people can appear to be superficially talking about the same thing but, on closer inspection, be completely at odds. I agree with S&P that the country is in a gridlocked mess. My solution is: Nationalize the rating agencies, roll back the power of finance capital over the U.S. political process, focus on jobs, and demand the rich pay their fair share of the debt. S&P’s solution is: Cut the heart out of the rights of working people, roll back democracy, and make a killing on higher interest on the debt at the same time.

You judge - is it time to hit the streets, or not? Time to organize and move the “vigilantes” to the sidelines of our society, or not?



John Case writes for the People’s World.

Debt deal: Time for diplomacy is over

By PW Editorial Board

The best thing that can be said about the debt ceiling deal is that it is behind us. The AFL-CIO leadership, which met with President Obama after the agreement was reached, correctly said the deal ignores and undermines the nation’s ability to confront the job crisis. They blasted it as “a product of extortion by House Republicans” that is “even more right-wing than the average Republican.”

The labor leadership recognized that, given the balance of forces in Congress, Obama had no choice but to negotiate. Not to do so would have been politically disastrous, but doing so meant that Republican demands to slash essential programs and weaken Social Security and Medicare were on the table.

While threatening to eliminate nearly 2 million jobs in 2012, the deal spared entitlements for the time being. But the battle over these, as well as Democratic demands to increase revenues through taxes on the wealthy and the corporations, will be shifted to November when the fight will resume in the deficit super-committee.

This gives a few months for the president and

his allies to rally people and expose the Republican aims, which polls show are highly unpopular. During the negotiations, Obama had no choice but to be diplomatic. The Republicans took the hits for throwing tantrums and walking out while Obama gained in stature and respect.

But now that the unsavory deal is done, the time for diplomacy is over and the time has come to take off the gloves and tell the truth. The Republicans are no ordinary opposition party with whom the Democrats can have amicable and respectful differences. They are racist, anti-labor, anti-democratic extremists, beholden to fascist-minded billionaires. They are hell-bent on wrecking the economic security of working people and turning the government into an open tool for corporate plunder.

If the Republicans take over the White House in 2012, it will be Kasich on steroids for the entire country.

It is urgent for President Obama, the Democrats, the labor movement and all progressive allies to rally the troops, expose the danger and prepare for war.

The Republicans are no ordinary opposition party.

Congressional Black Caucus jobs hearings begin in Cleveland

By Joe Sims

With African American unemployment at over 16 percent, the Congressional Black Caucus has launched a series of public hearings and jobs fairs across the country during the month of August.

The CBC's For the People Jobs Initiative begins today, August 8, at Cleveland State University. Congresswoman Marcia Fudge, D-Ohio, is sponsoring the event.

From Cleveland the events will move to Detroit, Miami, Atlanta and Los Angeles.

The CBC's chairman Emanuel Cleaver, D-Mo., commenting on the upcoming events, said last Friday, "Our goal remains the same. We want to get 10,000 people hired."

Over 120 companies have pledged to support the events. In addition to the public hearing and jobs fair, job readiness seminars providing on-the-spot training in resume writing and interviews will also be offered.

The CBC and the Congressional Progressive Caucus are holding public hearings to build support for a federal response to the jobs crisis. Nationally unemployment remains at over 9 percent.

President Obama is expected to focus on job creation during a late summer speaking tour. The president's recent meeting with members of the AFL-CIO executive council focused on the need for job creation as a means of addressing the deficit and the worsening economic crisis.

Economic indicators suggest the U.S. economy may be on the verge of a two-dip recession with the second phase even direr than the first.

Republicans have blocked jobs legislation and with the recently passed deficit reduction legislation, unemployment benefits are due to run out at the end of the year.



The New York Times has recently added its voice to those calling for federal measures the jobs crisis. In a recent editorial it said "President Obama must push Congress to extend federal unemployment benefits and the payroll tax cut for employees before they expire at year's end. Congress should also establish an infrastructure bank to finance building projects and initiate a direct federal job creation program to employ young people in their communities."

African American youth unemployment stands at 42 percent. Over 35 percent of Latino youth are unemployed. Young unemployed activists and allies are urging Congress to enact a federal jobs program.

Speaking from the Cleveland Rep. Maxine Waters, D-Calif., said, "We can never feel as if we can't do something about the crisis. One of the things we are hoping is going to happen is that the Republicans, particularly led by the tea party group, will understand that they're undermining the economy rather than helping the economy. We should be stimulating the economy, not causing the economy to withdraw by taking government money out."

President Obama is expected to focus on job creation during a late summer speaking tour.

Chicago rallies for jobs not cuts

By Pepe Lozano

Dozens of unemployed activists and supporters rallied at Chicago's Federal Plaza August 5 urging Congress to enact a massive federal jobs program and not to cut badly needed social entitlement programs.

The rally, organized on the first Friday of every month by Chicago Jobs with Justice, was in response to the latest figures on job growth released by the Labor Department. A net growth of 117,000 jobs was reported in July.

However critics argue at least 115,000 new job seekers enter the market each month. The new estimated jobs growth is not nearly enough to address the 25 million people who remain unemployed nationwide, they charge.

"The private sector is not creating jobs at a rate that will ever address the enormity of the jobs debt, and the only solution is a serious federal jobs program," said Sharon Post, an economist with the Chicago Political Economy Group.

The Labor Department's report shows unemployment among youth ages 16-19 is 25 percent and those ages 20-24 is 14.6 percent. And for African-American and Latino youth the unemployment rate is shocking at nearly 40 percent.

"Everyone I know is looking for work, but no one is finding it," said 20-year-old Ryan Wyatt from the south side of Chicago. "It's especially tough on the job market for African-American youth like me," he said.

"Young people of color need real jobs not just part-time jobs at McDonalds and Foot Locker," he said.

At the rally's end a delegation delivered hundreds of petitions to the offices of U.S. Sens. Mark Kirk, a Republican and Richard Durbin, a Democrat, both from Illinois, demanding to hold Wall Street accountable urging them to help create a federal jobs program.

A la huelga 45.000 trabajadores Verizon

Por John Wojcik

Pasó Verizon este sábado y domingo cancelando sesiones negociadoras con las dos uniones laborales que representan a más de 45.000 trabajadores, dijo Candice Johnson, portavoz de los Trabajadores de Comunicaciones de Norteamérica [CWA, por sus siglas en inglés] este lunes 8 de agosto por la mañana.

Los trabajadores en huelga son empleados del sistema de teléfonos de alambre de Verizon de Massachusetts, Rhode Island, Nueva York, Nueva Jersey, Pensilvania, Delaware, Maryland, Virginia, Virginia Occidental y Washington D.C., representados por la CWA y la Hermandad Internacional de Electricistas [IBEW, por sus siglas en inglés]. Al corazón de la disputa es el hecho de que la compañía, que reportó ganancias de \$3,2 mil millones en su trimestre más reciente y pagó salarios de \$258 millones a sus cinco ejecutivos principales durante los cuatro años pasados, exige recortes de beneficios a los trabajadores, un fin a los aumentos de salario programados, y cambios a las reglas de trabajo que permitirían que se despidan fácilmente a los trabajadores.

Esta mañana miles estaban en las líneas de piquete y en reuniones frente a más de 100 instalaciones de Verizon a través de Nueva York y Nueva Jersey. Cientos de trabajadores de Verizon en el área de Washington viajaron en autobús, tren y coche a una reunión de mediodía en las oficinas centrales de Verizon en el centro Chesapeake Complex en Silver Spring, Maryland.

Iban a la calle este fin de semana los 45.000 huelguistas porque la compañía se ha negado a cambiar su posición desde que se comenzaban las negociaciones el 22 de julio. Dicen las uniones que las más de 100 concesiones que exige Verizon les costaría a los trabajadores y a sus familias más de \$1 mil millones, o \$20.000 en pérdidas para cada familia.

Mientras tanto, la muy rentable red inalámbrica de Verizon acaba de pagar a su casa matriz, Vodaphone, un dividendo de \$10 mil millones.

Notan las uniones que durante los cuatro años pasados la compañía ha logrado \$22,5 mil millones en ganancias y se ha pagado a su presidente, Ivan Seidenberg, \$81 millones en compensación total.

Verizon exige reducciones en pensiones y beneficios de cuidado médico, el derecho de externalizar independientemente los trabajos si se siente necesario, la eliminación de beneficios para trabajadores heridos en el trabajo, la eliminación de días pagados por enfermedad, y debilitamiento de medidas actuales de seguridad laboral.

"Son estos marranos avaros los que han causado esta huelga," dijo Angel Feliciano, vicepresidente ejecutivo del Local 1101 de la CWA en Nueva York. "Mientras Ivan (el presidente) gane \$24 millones, a nosotros nos quieren atar nuestros aumentos de salario a la productividad".

"Les hemos mostrado una y otra vez que estamos listos, dispuestos y capaces de enfrentarlos" dijo Feliciano.

NATIONAL CONTACT

Editorial: (773) 446-9920 Business: (212) 924-2523
Email: contact@peoplesworld.org