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# CWA

news



## FOLLOW THE MONEY...



# STOP 'FINANCIAL STRIP-MINING'



By CWA President Chris Shelton

## Financialization.

It's a big word that's causing big problems for working families.

Financialization is the strategy that corporate and wealthy interests are using to get and keep an even bigger share of the economic pie. It's the "financial strip-mining of America," writes Les Leopold, director of the Labor Institute of New York City, in "Runaway Inequality." And it's destroying the American Dream for millions of working families.

Since the early 1980s, corporations and the wealthiest have been lobbying to:

- Cut taxes on the rich and big corporations.
- Cut government regulations, especially on the financial sector.
- Cut government social spending to pay for the tax breaks for the wealthy.
- Damage the power of unions and collective bargaining.

Unfortunately, they've succeeded.

The corporate share of federal taxes has dropped from 32 percent in 1952 to just 9 percent in 2013, thanks to outrageous tax loopholes and the ability of corporations to invest their profits in foreign

subsidiaries and foreign countries where they pay no U.S. taxes. The percentage of the U.S. economy subject to regulation dropped from 11.5 percent in 1975 to under 3 percent in 2006. The social safety net to support people in need has been shredded. Bargaining is tougher than ever, with less than 7 percent of private sector workers represented by a union.

Today, Wall Street calls the shots, thanks to deregulation and tax loopholes that allow corporate raiders and hedge fund managers to take over companies and sell off their parts, throwing away workers' jobs in the process.

Corporate tax loopholes, like "inversions" and the "Reverse Morris Trust" make it all too

easy. In 2007, Verizon used the "Reverse Morris Trust" loophole to structure the sale of its telephone operations in northern New England to financially strapped FairPoint Communications, in order to avoid paying any federal taxes on the profits of the sale and to gain a \$600 million tax windfall.

The "inversion" loophole is what pharmaceutical giant Pfizer is using to dodge U.S. taxes. By merging with Allergan, which is headquartered in Ireland, Pfizer will dissolve its U.S. ties but still remain in charge of the new company. Analysis by Americans for Tax Fairness shows what's wrong with this move. ATF estimated that Pfizer's effective tax rate

on its worldwide income was just 7.5% in 2014, not the 25.5% rate the company reported in its Securities and Exchange Commission (SEC) filings. And Pfizer had as much as \$148 billion in profits parked offshore at the end of 2014, on which it has paid no U.S. income taxes, ATF found.

This issue of the CWA News takes a closer look at "financialization" and how CWA members and allies are fighting back to end this economic handout to the 1 percent (See pages 7-8). Key to this fight is building our power with our allies, and this issue also explores the progress we have been making to restore our democracy and regain our political voice.

One way to put the brakes on this Wall Street excess is a financial speculation tax. It's a small tax, maybe 10 or 30 or 50 cents on the sale of every \$100 worth

of stock, bonds, derivatives or other investment vehicle.

It's not a tax on workers' 401 (k) plans, despite the hype by financial interests. It is designed to raise revenue from the Wall Street churn of financial trades – many conducted in less than half of one-millionth of a second – and to require these "high frequency traders" to consider before entering into highly speculative trades with little profit.

Taking on Wall Street is the only way we will restore the American Dream to the 99 percent living on Main Street.

**Today, Wall Street  
calls the shots.**

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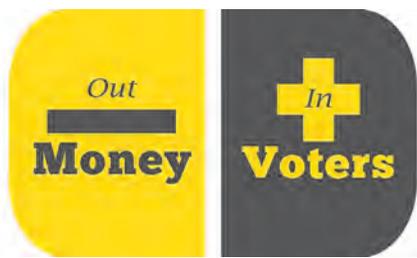
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**COVER ART CREDIT:  
BASED ON A 2012 OCCUPY WALL STREET POSTER**



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## The Democracy Initiative The Fight For Political Equality

THE RICH ARE DIFFERENT FROM YOU  
AND ME.

Since the Supreme Court's *Citizens United* and *McCutcheon* decisions, the richest of the 1 percent have been able to put their mark on our election process and our democracy. Not only are the values and interests of the wealthy – which are very different from those of everyday Americans – now center stage, their mega-dollars diminish the votes and power of the rest of us.

“The American government does respond to the public’s preferences, but that responsiveness is strongly tilted toward the most affluent citizens... the preferences of the vast majority of Americans appear to have essentially no impact on which policies the government does or doesn’t adopt.”

Source: Martin Gilens, *Affluence and Influence: Economic Inequality and Political Power in America*.

There is a direct connection between big money in our politics and the attack on the right to vote. We must break that connection and go on the offense. That means public policy that expands voter registration and makes it easier for citizens to cast their ballots. It means public financing of elections at every level to give everyday Americans an opportunity to participate either as a candidate or a supporter. It means exposing the core beliefs of the 1 percent. It means getting rid of the corrupting influence of big money in politics and restoring the ideal of government of, by and for the people, not the 1 percent.

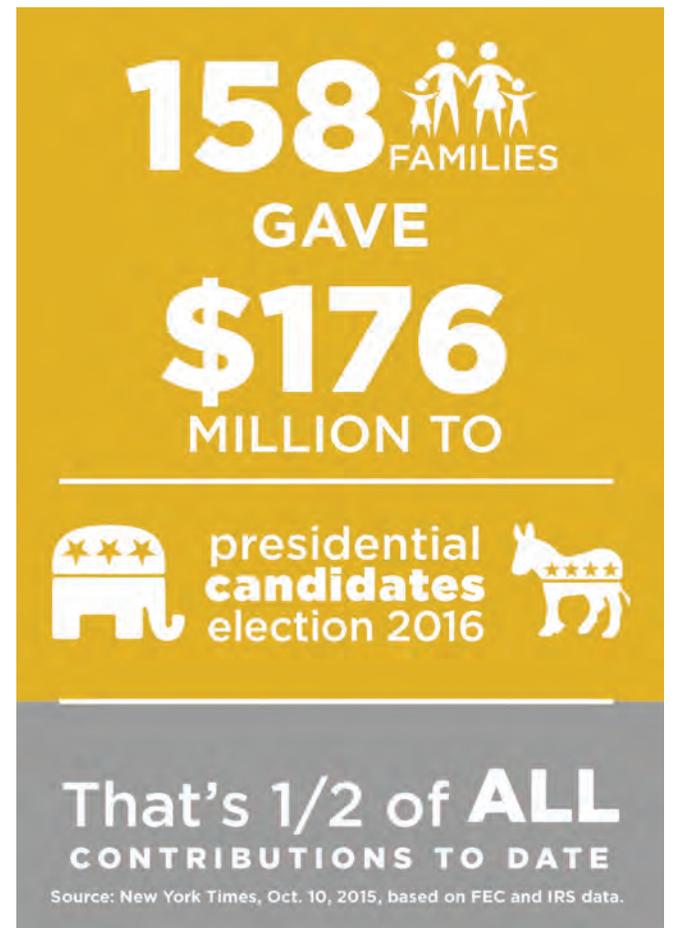
The *New York Times* recently analyzed Federal Election Commission and Internal Revenue Service data and determined that just 158 families and the companies they control have contributed half of the funds for Republican and Democratic presidential candidates, at least at this stage of Election 2016. Of these, 138 are Republicans, 20 are Democrats.

They are few in number but their wealth – combined with nearly non-existent campaign finance laws – are making it possible for the very wealthy to change the direction of public policy, despite the opposition of strong majorities of Americans.

### THE RICH HAVE **DIFFERENT** VALUES

	WEALTHY IN FAVOR	GENERAL PUBLIC IN FAVOR
Government must see that no one is without food, clothing or shelter.	43%	68%
Minimum wage high enough so that no family with a full-time worker falls below official poverty line.	40%	78%
The government should provide a decent standard of living for the unemployed.	23%	50%
The government in Washington ought to see to it that everyone who wants to work can find a job.	19%	68%
The Earned Income Tax Credit (EITC) should be increased rather than decreased or kept the same.	13%	49%
The federal government should provide jobs for everyone able and willing to work who cannot find a job in private employment.	8%	53%

SOURCE: Benjamin I. Page, Larry M. Partels and Jason Seawright, “Democracy and Policy Preferences of Wealthy Americans,” *Perspective on Politics* 11:1, pp. 51-73. For this survey, the average income of wealthy respondents was \$14 million and the median was \$7.5 million.



### HIGHER TAXES ON THOSE EARNING \$1 MILLION OR MORE A YEAR?

60 percent of Americans surveyed say the wealthy and corporations aren't paying their fair share.\* But a majority of states and the Republican-controlled House of Representatives continue to push for tax breaks for the wealthy and more cuts in social programs.

\*(Source: Pew Research survey, March 2015)

### UNIONS AND BARGAINING RIGHTS?

More than half, 58 percent, of Americans approve of labor unions.\* But bargaining contracts and joining a union are harder than ever, as states look to weaken union representation in the public and private sector.

\*(Source: Gallup poll, August 2015)

### CLIMATE CHANGE AND GLOBAL WARMING?

78 percent of Americans say the government should take action.\* Yet it's unlikely that the voice of everyday Americans on these mainstream policies will be heard, because it is drowned out by the money and influence of the 1 percent.

\*(Source: New York Times/Stanford University/Resources for the Future public poll, January 2015)

## CRITICAL TIME FOR OUR DEMOCRACY

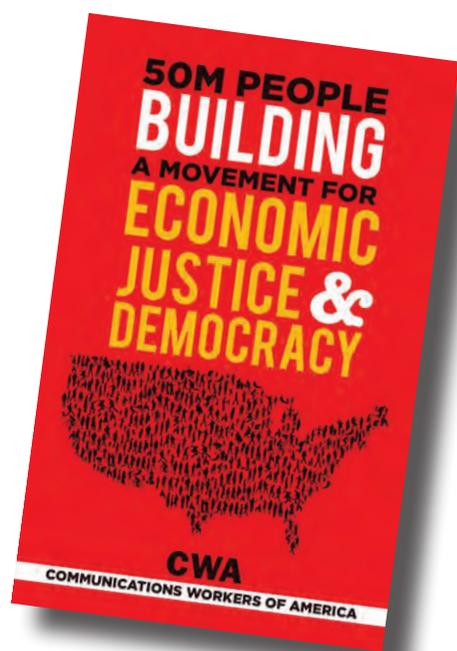
### Democracy Initiative intensifies push for mass movement for Democracy

The inspiration for the Democracy Initiative (DI) was extreme frustration that the path to achieving CWA's goals of secure, sustainable jobs, health care, retirement security and bargaining and organizing rights was blocked by a concerted attack on our democratic process. Workers' rights were eroding and contract bargaining was harder than ever.

Our progressive allies also were blocked from achieving climate change legislation, student loan reform, forward progress on civil and human rights and much more.

The excesses of the 2012 elections, where Republican and Democratic candidates, parties and outside groups spent a total of \$7 billion was another trigger, as well as the fact that more than 30 states had passed voter suppression legislation specifically designed to lower turnout among African-American and other minority voters, young and older Americans, and lower-income votes.

In 2013, four organizations – CWA, NAACP, Sierra Club and Greenpeace – came together, pledging to unite and fight together for our democracy. Three years later, the Democracy Initiative has an amazing core of board members – CWA, NAACP, Greenpeace, the Sierra Club, Common Cause and the AFL-CIO – and 60 endorsing organizations with 30 million member activists.



*This booklet outlines a path forward to reaching the goals CWA members care about: secure jobs, health care, retirement security, and bargaining and organizing rights. Download it here: <http://bit.ly/1XNRPIy>.*

“Together we can build a democracy where our members’ dreams are imaginable and not blocked by a system with abysmally low voter participation and outrageously high spending that’s considered by many to be ‘business as usual.’ We can’t accept that and we won’t accept that. But changing it will need all of us working together,” said Democracy Initiative Chair Larry Cohen, past president of CWA.

The Democracy Initiative has a strategic plan for 2016 and beyond, one that combines coordinated state actions and dramatic direct action in Washington, D.C. We’re aiming high, and we’re committed together to mobilizing millions of activists to build this

movement for a 21st century democracy. Without it, none of our dreams will be realized.

# MOVING FORWARD:

## Getting Big Money Out of Politics

**I**n **Maine** this past Election Day, voters approved Question One, an initiative that strengthens the state’s landmark Clean Elections law, expands small-dollar public financing for campaigns and making candidates more accountable to the voters by requiring that outside groups disclose their top three donors on all political ads.

Mainers for Accountable Elections and Maine Citizens for Clean Elections mobilized voters across the state, making Maine the first state since *Citizens United* to begin to restore accountability and transparency.

Democracy Initiative members made the campaign a top priority, and those activists already had built strong relationships working on each other’s fights.

Serina DeWolfe, a district vice president for CWA Local 1400, said there was a direct connection between the Fair-Point contract fight and the campaign to get money out of politics.

Many community activists and supporters stood with CWA FairPoint members during their 18-week strike last year, and DeWolfe and other organizers channeled that energy into the fight for Question One. “After being on strike for so long, our members are very aware of the power of standing together. When we band together for common goals like we have with other Democracy Initiative organizations, America becomes an even better place for middle class Americans,” she said.

Joan Saxe, volunteer leader for Sierra Club Maine, said the organization was applying founder John Muir’s “strong sense of interconnectedness to building this cross-cutting movement. When we march in New York, we heighten the value of this effort in Maine, and when we pass clean elections in Maine, it will prove to be a model for other states. This is a great opportunity for the Sierra Club to help unite movements across the country. It’s all connected.”

## Redistricting

**D**emocracy Initiative allies, including CWA, pushed candidates and measures to end gerrymandering and make redistricting more bipartisan, transparent and fair.

In a big victory for fair elections, three open seats on



*In Coatesville, PA, CWA Local 13000 Unit 23 President Bill Scott, left, and members talk about the election for PA Supreme Court judges and what that means for redistricting in the state.*

the Pennsylvania Supreme Court were won by Democratic candidates on Election Day 2015, giving Democrats a 5-2 majority on the court for at least a decade.

This matters, because in **Pennsylvania**, the Supreme Court names the chair of the state’s redistricting commission, who has the tie-breaking vote. Since 2011, Republicans have controlled the redistricting process, and gerrymandering has been the rule.

In 2012, Republicans won control of the state legislature despite losing the state’s popular vote by a 52-47 percent vote, all because they had controlled the drawing of district maps. In 2014, although Democrats won 44 percent of the votes in the 2014 midterm elections, they got just five—or 27 percent—of the state’s 18 seats in the U.S. House of Representatives.

In **Ohio**, the fourth time was the charm as voters overwhelmingly approved an amendment to the state constitution to scrap the old way of drawing boundaries for General Assembly districts.

By a 72-28 percent vote, voters created a new, bipartisan commission to draw legislative districts that are compact and do not favor one political party or another. The amendment takes effect in 2021, when the next round of redistricting will occur.

## Automatic Voter Registration

**D**emocracy Initiative organizations and activists are gathering signatures for a state ballot initiative to automatically register **Alaska** citizens to vote as they sign up for the Permanent Fund Dividend. The PFD is paid annually to Alaska citizens, based on the state’s oil revenue dividends.

Alaska voters have until the start of the next legislative session in January 2016 to sign the petition and put this issue on the ballot in August 2016.

Participating in the effort are environmentalists, civic advocates, Native Alaskan groups, AFA-CWA Flight Attendants and other union activists.

**California** and **Oregon** already have laws that automatically register people to vote when they get or renew a driver’s license or state identification card. Another 15 states and the District of Columbia are considering “automatic” sign up measures for voter registration.

Voter participation in the U.S. trails nearly every other democracy. In 2014, just over a third of eligible voters turned out to vote; in 2012 it was 59 percent.

## Public and Small Donor Financing of Elections



CWA activists and partners rally for fair elections.



Another success story this past Election Day was the **Seattle** ballot initiative that created a first-in-the-nation funding system that will democratize the city's elections. Every registered voter will receive four "democracy vouchers" in each election cycle worth \$25 a piece. Voters can donate these taxpayer-funded vouchers to candidates for municipal office, who in turn agree to restrictions on campaign spending and private contributions. To level the playing field even more, the initiative also limits contributions for city contractors, closes the revolving door, and increases transparency and accountability.

In a similar campaign this past February, a **Chicago** ballot measure promoting small-donor public financing in the city's 50 wards was overwhelmingly approved by voters.

In 1988, **New York City** enacted campaign finance reform, demonstrating that a contribution system based on small donors and matching funds can positively change our political process. The NYC model provides for a 6-1 match for individual contributions of up to \$175 to candidates who choose to follow the expenditure limits and disclosure requirements. Today, most city council and mayoral candidates choose this voluntary program. It has dramatically transformed the politics of the city, broadening the demographic profile of donors and energizing grassroots campaigning.

### Making the Connection:

## NEW ALLIANCES



# GET RESULTS

## in Fight Against TPP

Allies took on the destructive Fast Track Authorization for the Trans-Pacific Partnership, with real results. We forced individual lawmakers to take a stand and let their constituents know whose side they were on, big corporate interests or everyday Americans.

In Arizona, activists convinced Rep. Kyrsten Sinema (D-AZ) to change her vote from "yes" to "no" on Fast Track. It's just the beginning for an unprecedented grassroots partnership in that state.

Yolanda Bejarano, legislative/coalition director for CWA Local 7019, and Michael Brady, chair of the Sierra Club Palo Verde Group, helped build the DI coalition to fight TPP.

**Q.:** What strategies helped unite so many different voices – GMO Free Arizona, Puente Arizona, Sierra Club, Local First Arizona, Climate Healers – in the fight against the TPP?

**BEJERANO:** The most important strategy was to understand how the interests of labor and these groups align. That meant I had to show up to their meetings, learn about their goals and make a sincere effort to advance their causes. I got to know their members and it soon became clear how much we all have in common. We are all fighting against the same corporate adversaries. It's a natural fit.

**Q.:** Why did environmentalists get involved in this issue?

**BRADY:** To address climate disruption, we need to fully embrace clean energy and stop the use and export of coal, oil and gas. The TPP would threaten our ability to make these changes. TPP negotiations had been closed to the public, but open to select corporate executives. We want to protect the environment we all live in, and regulations should not be dismantled by this bad deal.

**Q.:** How did you feel when you heard that Sinema would be a "no" vote?

**BEJERANO:** It felt amazing! It reinforced my belief that a true grassroots campaign is impossible for any politician to ignore.

**Q.:** Next steps for this united group?

**BEJERANO:** We're still working on the TPP because the fight isn't over. We're also working on voter registration and the Fight for \$15.

**BRADY:** I hope this coalition will continue to work on issues that protect people and the environment we all live in!



## Making the Connection:



# VOTER SUPPRESSION and Money in Politics

The *Citizens United* and *McCutcheon* Supreme Court rulings are enabling wealthy and corporate interests to control our election process and public policy at every level. Coupled with the Supreme Court's *Shelby* decision, which dismantled critical voting protections, the result will likely produce a government of, by and for the 1 percent, unless we act.

Rev. William Barber, president of the North Carolina NAACP, talked with the CWA News about the connection between big money in politics and the attack on voting rights.

► **Q.:** How has the Moral Mondays campaign evolved, and how does this work connect with the fight for money out, voters in?

**REV. BARBER:** The Forward Together Moral Movement started in 2006 with 40 organizations, including the NAACP. We came together and crafted a 14-point agenda. Blacks, whites and Latinos and labor came together to fight for living wages, health care and expanding voting rights opportunities. Within the first year, we were able to win an extension of early voting, Sunday voting and same-day voter registration. In 2008, we saw black voting in North Carolina go from 40 percent to 70; voting by young people also grew.

Then came the backlash. In 2010, the North Carolina Senate and House, taken over by Tea Party extremists, tried to pass strict voter identification legislation. Extremists tried to deny half a million people Medicaid benefits, 170,000 people unemployment benefits and nearly 1 million people their earned income tax credits. Extremists took \$1 billion from public education and looked to give millions to private schools. They passed the worst redistricting, apartheid redistricting, since the 19th Century. Their aim was to prevent blacks and whites from forming coalitions to elect candidates of their choice.

We challenged these lawmakers with a framework that these policies are constitutionally inconsistent, morally indefensible and economically insane. April 29, 2013 became the first Moral Monday.

► **Q.:** What's the connection between big money in our political system and the efforts to block people from voting?

**REV. BARBER:** Big money is what's pushing the voter suppression and the extreme agenda that we are seeing. Money can't walk into a ballot box but the Koch brothers can fund the American Legislative Exchange Council (ALEC) that writes all these draconian laws to keep people from voting. With the agenda that big money is pushing – attacking labor rights, attacking the poor, attacking minorities, attacking women, attacking immigrants, attacking the LGBT communities – they know they can't win in the public square if everybody votes.

**The NAACP's "Journey for Justice" began this August, 50 years after the Voting Rights Act was signed. From Selma, Ala., to Washington, D.C., thousands of civil rights, religious, union, student and other activists joined actions, rallies and teach-ins as marchers made their way to the endpoint, a rally and advocacy day at the U.S. Capitol.**

America's Journey for Justice started with a march across the Edmund Pettus Bridge in Selma, the site of the March 7, 1965, events which came to be known as "Bloody Sunday" after civil rights advocates were viciously attacked by police. It ended 1,000 miles later in Washington, D.C., on Sept. 16, where a thousand activists pledged to mobilize for democracy and to protect the right to vote.

Angie Wells, now a Democracy Initiative senior organizer, was CWA's North Carolina legislative-political coordinator and mobilized hundreds of CWA activists for the march. "Voting rights are under attack across the country. We're following in the footsteps of those civil rights leaders who fought for voting rights and social justice," she said.

Minerva Faire of CWA Local 3106 in Jacksonville, Fla., left her home at 12:30 a.m. to drive to Washington. "Today, we're talking about everything that matters: jobs, justice in voting, fairness. It's what we talk about in our union and with our NAACP allies," she said.

Earlier this summer, more than 400 CWA members and Democracy Initiative activists, working with the Leadership Conference on Civil and Human Rights, rallied at the Roanoke, Va., district office of Rep. Bob Goodlatte (R-Va.), chair of the House Judiciary Committee. On the anniversary of the Supreme Court's *Shelby* decision, activists called out Goodlatte for his efforts to keep voting rights restoration legislation from ever getting to the House floor, and are keeping the focus on him.

## THE DI: BUILDING A MOVEMENT FOR POLITICAL CHANGE

The Democracy Initiative was formed in December 2013 by four core organizations, the Communications Workers of America, the NAACP, Sierra Club and Greenpeace, with the goal of mobilizing millions in a fight to save our democracy.

The DI has taken on big fights and won, including reform of the Senate Rules that enabled hundreds of judges and Obama administration nominations finally to be confirmed.

We're committed to getting big money out of politics and restoring the value of the vote of everyday Americans. We're committed to ending the attack on voting rights and making it easier, not more difficult to vote.

The 60 organizations and 30 million activists of the DI know that only by joining together in the fight for these democracy issues will we be able to achieve our goals. Good jobs and good contracts, student loan reform, forward progress on civil and human rights, climate action and more depend on us breaking through the barriers to democracy that now block our way.

Check out [democracyforum.org](http://democracyforum.org) and join the fight.



Above: NAACP President Cornell Brooks and Democracy Initiative partners call for an end to voter suppression and press Congress to restore the Voting Rights Act.

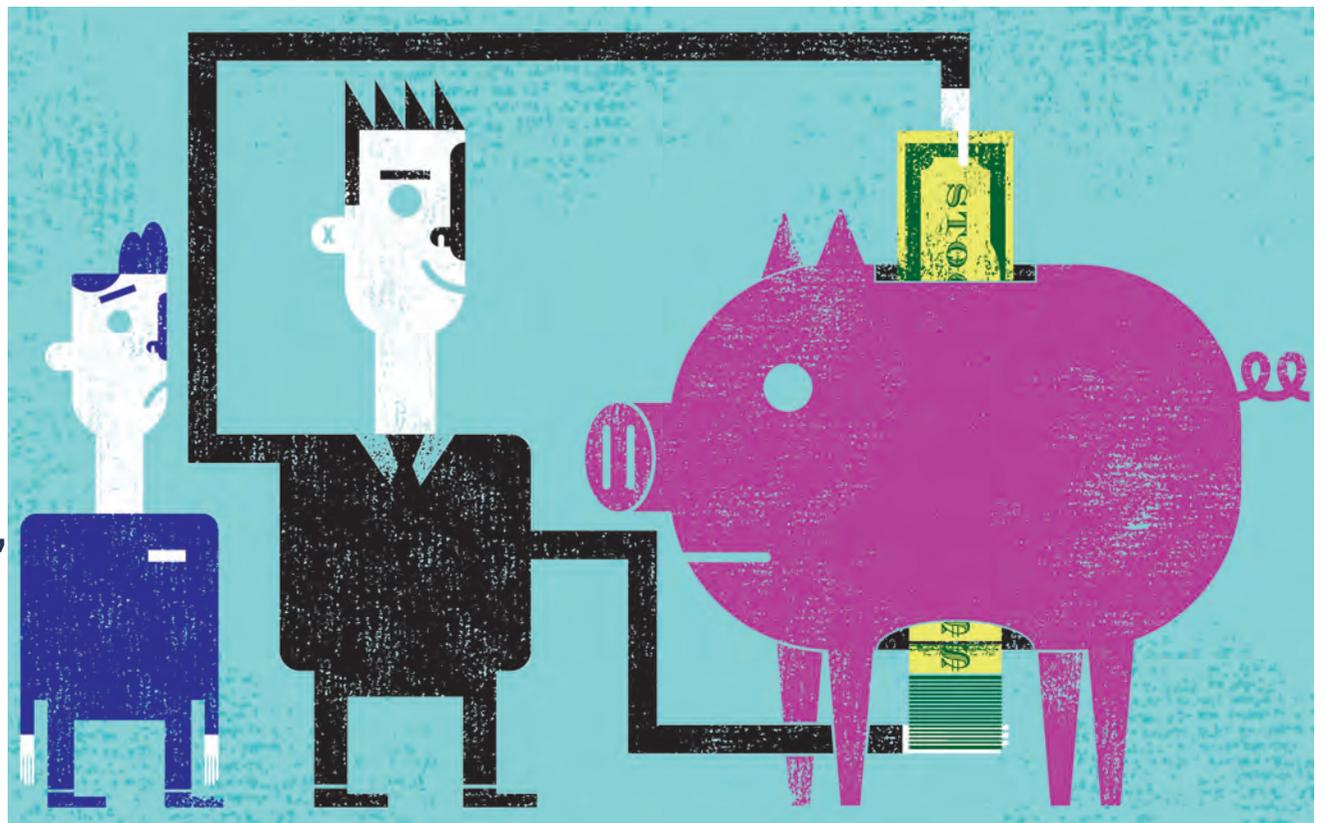
Below: At the state capitol in Raleigh, N.C., nearly 100,000 activists protest the state's attacks on voting rights and working families.



# Stealing the Economy in 6 Easy Steps

**4** CEOs USE COMPANY EARNINGS NOT TO INVEST IN BETTER EQUIPMENT OR OPERATIONS, NOT TO PASS ALONG GAINS TO WORKERS, BUT TO BUY MORE STOCK, BECAUSE THAT RAISES THE STOCK PRICES AND RAISES THE CEO'S SALARY.

**5** CEOs IMPLEMENT "THE SQUEEZE." THE COMPANY DOWNSIZES, AND WORKERS GET LAID OFF. JOBS ARE SHIPPED OFFSHORE. PENSION FUNDS ARE FROZEN. WAGES AND BENEFITS ARE CUT.



Stock buybacks result in the extreme concentration of income for the wealthiest and, at the same time, erode job opportunities for working families. (William Lazonick, Professor of Economics, University of Massachusetts, Lowell.)

## HOW WE'RE FIGHTING BACK

WITH OUR ALLIES, CWA IS PUSHING FOR SEVERAL REFORMS TO HELP RESTORE SOME BALANCE TO OUR ECONOMY.

### FINANCIAL SPECULATION TAX

Don't be fooled, this isn't a tax on a worker's 401(k) plan, although some corporate types are pretending that it is. It is a very small fee on the sale of stocks, bonds and other securities, in the range of 10 cents to 50 cents per \$100 worth of stock or other securities sold. It would raise billions for our economy and restore some fairness to our system.

Right now in the U.S., there are hundreds of billions of dollars in mainly stocks and bonds traded every business day. None of these transactions are taxed in the U.S. (Working families are taxed on everything we consume and do through sales taxes.) Wall Streeters don't pay sales taxes – or any taxes – when they buy and sell securities. That helps explain why the financial sector pays only about 18 percent of corporate taxes.

Some 29 countries already have a Financial Speculation Tax, and 11 European Union countries are negotiating about one now.

### RESTORE PROTECTIONS AGAINST BANK SPECULATION

In the mid-1990s, legislation that required banks to separate deposited funds – insured by the federal government – from riskier investments was repealed.

The Glass-Steagall Act was first adopted in 1933. Now, we have banks considered "too big to fail" that are responsible for the financial crisis of 2007-2009 and the losses that millions of working families have suffered, including lost jobs, lost wages and lost savings. Senator Elizabeth Warren (D-Mass.) is leading the fight to reinstate Glass-Steagall and reform Wall Street.

### BREAK UP BIG BANKS AND SUPPORT STATE PUBLIC BANKS

In the U.S., the state of North Dakota, with its public banking network, has been more profitable than Goldman Sachs. Why? According to Ellen Brown, president of the Public Banking Institute, the Bank of North Dakota "turns a tidy profit year after year because it has substantially lower costs and risks than private commercial banks. It has no exorbitantly-paid executives; pays no bonuses, fees, or commissions; has no private shareholders; and has low borrowing costs...It engages in old-fashioned conservative banking and does not speculate in derivatives," which crashed the economy in late 2007.

### EXPAND THE COMMITTEE FOR BETTER BANKS AND CONTINUE TO SUPPORT BANK WORKERS WHO WANT A UNION VOICE

Despite being organized nearly everywhere else in the world, bank workers have few rights in the U.S. Big international banks point to low wages and poor working conditions here, and seek to cut compensation for better-paid workers in other countries.

Many of the abuses of the financial industry which caused the 2008 crash, including unethical actions and predatory lending, could in fact have been prevented if workers had the protection to speak with an independent voice and whistleblower protections.



**6** RESULT: THE EARNINGS OF THE CORPORATION ARE REDISTRIBUTED TO EXECUTIVES AND WALL STREET BANKERS. WHAT'S LEFT FOR WORKERS? NOT MUCH.

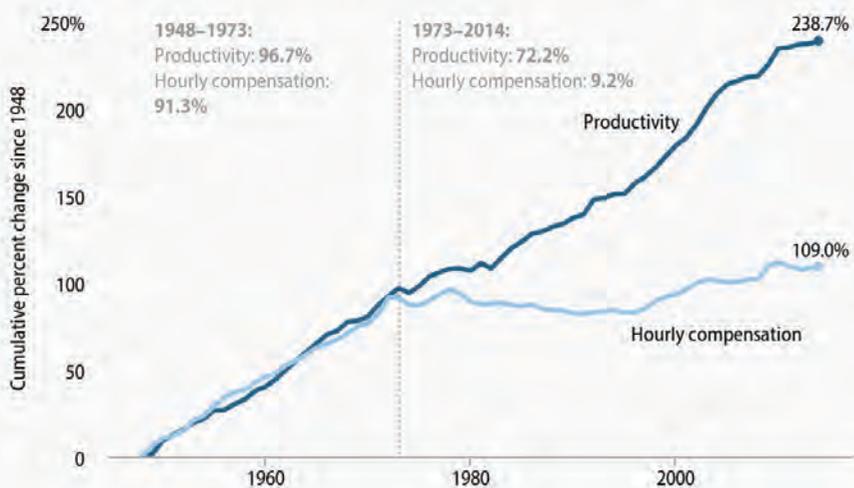
# WALL STREET GREED

## Hits Workers' Wages

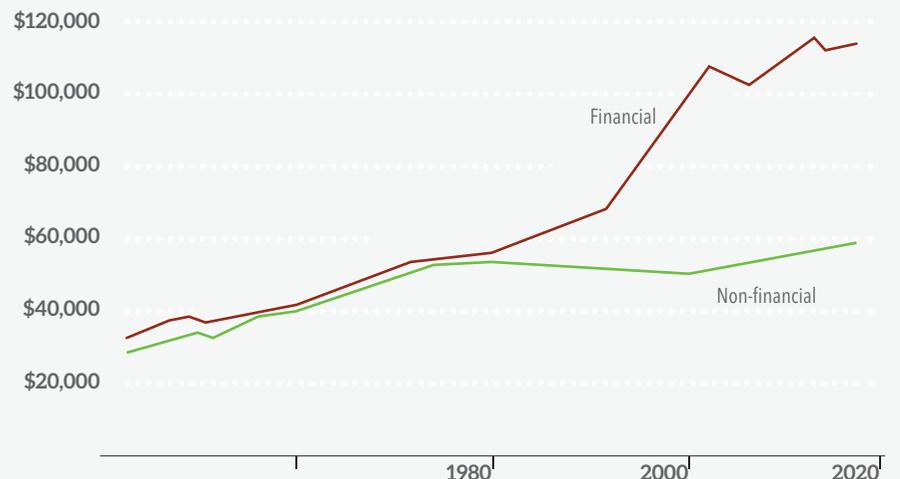
Real wages for working people (adjusted for inflation) have stagnated over the past 40 years. As CWA members, we've done better than that, but like all working families, we're up against the greed of Wall Street and the 1 percent. It's the financialization of our economy, and it's bad for working families and bad for our communities.

**WORKERS' WAGES AND PRODUCTIVITY USED TO RISE TOGETHER. SINCE 1973, THE GAINS FROM WORKER PRODUCTIVITY STARTED GOING, MAINLY INTO THE POCKETS OF COMPANY CEOS AND WALL STREET INVESTORS.**

1973 Starts the Disconnect Between Productivity and Worker Compensation



Source: Economic Policy Institute.



Financial Sector vs Non-Financial Sector Yearly Compensation (in 2010 dollars)

Source: Bureau of Labor Statistics; Bureau of Economic Analysis.

**IN THE YEARS SINCE THE GREAT RECESSION OF 2007-2009, COMPENSATION FOR THE FINANCIAL SECTOR VERSUS EVERYONE ELSE HAS SOARED.**

**How Does SO MUCH WEALTH End Up in the Pockets of CEOs and Wall Street Firms?**

### Or...Stealing the Economy in 6 Easy Steps

**1 COMPANIES BUY OTHER COMPANIES USING BORROWED MONEY.**

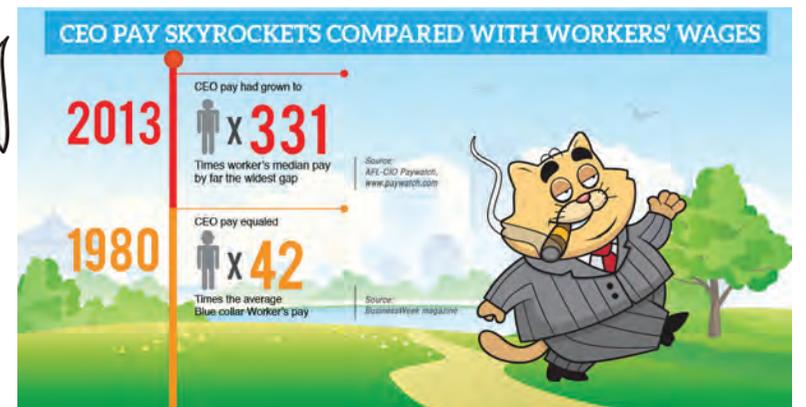
Since the 1980s, corporate raiders, corporations and hedge funds have looked to take over any company they could. But here's their secret.



**2 RAIDERS USE THE ASSETS OF THE TARGETED COMPANY TO PAY FOR THE COSTS OF THE ACQUISITION.**

The target company is weakened because it has to pay back millions of dollars. Worse, the corporate raiders pay themselves from the assets of the acquired company, too, in fees and special dividends. The CEOs and bankers get their cut as well. Not much left to share with the workers from a once-successful company.

**3 CEOs GET PAID WITH STOCK INCENTIVES. THAT MEANS WHEN A COMPANY'S STOCK GOES UP, CEOs GET EVEN MORE MONEY.**



Unfortunately, in the U.S., most CEOs are focused on very short-term goals, like improving their own compensation. They most likely aren't looking at long terms goals like increasing productivity or reinvesting in research and development. They aren't interested in increasing workers' real wages and benefits. So what does the CEO do?

*(Continued on page 7)*