Communications Workers of America
AFL-CIO, CLC

501 Third Street, N.W.
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Christopher M. Shelton
President

November 20, 2017

Mr. John Flannery, CEO
General Electric
41 Farnsworth St.
Boston, MA 02210

Dear Mr. Flannery:

In light of recent developments on the national level concerning taxes, wages, and jobs, I write to seek your agreement that our members in CWA-represented bargaining units will receive an additional $4,000 each year if the statutory federal corporate tax rate is lowered to 20 percent.

The positive effect on wages of lowering the federal corporate tax rate has been an important selling point for the Tax Cuts and Jobs Act. Speaking in Pennsylvania in October, President Trump said the tax cuts "would likely give the typical American household around a $4,000 pay raise."

This claim appears to come from the October White House Council of Economic Advisers (CEA) report entitled "Corporate Tax Reform and Wages: Theory and Evidence." The authors of the report write: "Reducing the statutory federal corporate tax rate from 35 to 20 percent would ... increase average household income in the United States by, very conservatively, $4,000 annually." The CEA authors note that this figure is a low-end estimate, suggesting that the average wage boost may be as high as $9,000 annually.

Despite the skepticism about this analysis from many economists, politicians are actively using the CEA's arguments to sell a corporate tax rate cut to American workers, including our members. Speaker Ryan's website, for example, claims that this corporate tax reduction will provide "average households...upwards of $4,000 in additional take-home pay."

Meanwhile, in addition to cutting the corporate tax rate to 20 percent for domestic profits, the Tax Cuts and Jobs Act sets the tax rate for profits earned overseas at offshored factories, call centers, and other facilities at 0 percent, with some exceptions. Obviously, such a rate structure incentivizes companies to shift work overseas, killing U.S. jobs. Yet bill proponents claim that the bill "prevents jobs, headquarters and research from moving overseas."

It seems every big tax bill sparks the same debate about wages and jobs. However, we can cut through the rhetoric. Together, through collective bargaining, we can ensure promises about wages and jobs are kept. Whether the corporate tax rate cut will in fact trickle down to workers or whether the tax structure for offshore profits will in fact encourage offshoring are matters entirely within your control, at least with respect to your own workforce.

In the interest of your U.S. operations and our members, I ask that you sign onto the below agreement to ensure that any corporate tax cut does indeed benefit workers and ensure that the bill's treatment of overseas profits will not result in domestic job loss. While I am concerned about many other troubling aspects of the tax bill under consideration in Congress, with negative implications for working people, these two items can be addressed now by us.

Please consider and, if you accept it, sign the attached proposed agreement by December 1, 2017.

Sincerely,

Christopher M. Shelton
President

MEMORANDUM OF AGREEMENT TO SHARE CORPORATE TAX CUTS AND PRESERVE AMERICAN JOBS

Whereas there are federal proposals to substantially cut the corporate tax rate, and

Whereas proponents of those proposals claim that the cut in corporate tax rates will boost incomes of American workers, and

Whereas those same proposals would provide a tax advantage for off-shored profits compared to domestic profits, and

Whereas proponents of those proposals claim that these proposals will prevent jobs, headquarters, and research from moving overseas, and

Whereas the only way to guarantee wages are boosted and jobs are protected is via a binding contract,

THEREFORE,

The Communications Workers of America (CWA) and General Electric agree, with respect to all bargaining units represented by CWA at General Electric and its subsidiaries, and in addition to any existing collective bargaining agreements, to the following terms:

1. In addition to all existing benefits, scheduled raises, and other terms and conditions of employment, each employee in the bargaining unit shall receive an additional $4,000 in each year the statutory federal corporate tax rate is 20 percent. If the statutory federal corporate tax rate is less than 35 percent but greater than 20 percent, each employee in the bargaining unit shall receive a pro rata share of the aforementioned $4,000 in each year of such rate. The increase shall be paid over the course of the year in monthly installments as a bonus in the employees' regular paychecks.

2. In addition to any existing contractual or other limitations on the Employer's ability to offshore, the Employer shall not offshore any existing bargaining unit jobs out of the U.S. nor create new jobs overseas that may be performed by a bargaining unit in the U.S. in any year where profits booked offshore are not taxed by the U.S. at least as much as profits booked domestically in such year.

3. Any dispute arising out of this Memorandum will be subject to arbitration under the terms of the existing collective bargaining agreement for the bargaining unit affected, if one is in effect.

SIGNED:

General Electric: ______________________ Date: ____________

CWA: ______________________________ Date: ____________