THE TOP 10 Myths ABOUT THE Economy

10. The economy is in great shape!
Only the rich are getting richer. They're the ones benefiting from the booming stock market. They're the ones getting fat raises. CEOs saw their pay jump 499 percent from 1980 to 1995. But we working families got a puny 9 percent raise in those 15 years—not enough even to keep pace with inflation.

Yes, unemployment's down—but so are the number of decent-paying jobs, and jobs with benefits like health insurance and pensions. A lot of folks have to take two or three of these new jobs just to make ends meet.

THE BOTTOM LINE:
The economy today is great for the lucky 10 percent—that minority of Americans who have 70 percent of the country's wealth. The rest of us are having a rough time.

9. We'd all be better off if government left the free market alone.
Without the government "interfering" in the free market, we'd still have child labor, seven-day work weeks, monopolies to keep prices high and industry barons keeping wages low.

If corporate America really wanted to get rid of government regulations, it could
start with “corporate welfare” that gives billions of dollars in handouts to companies. Or say, “No, thank you,” to government services like law enforcement that protects its property and air traffic control that keeps its executives safe in the air.

THE BOTTOM LINE:
Corporate America doesn’t really want a market free of government intervention. It wants a market that’s free of those pesky government efforts to protect workers and consumers.

8. Businesses aren’t to blame for driving wages down. Global competition made them do it.

“Global competition” has been a great excuse for driving down wages and workers’ rights. Ever notice that some of the companies using the “global competition” excuse do all their business right here in the U.S.? Mining companies, for example, and construction and retail companies—even government.

Where global competition is real, we could have won! Instead of using American ingenuity to expand their markets and make better products more efficiently, when global competition heated up in the 1970s, U.S. businesses took the low road. First they slashed wages and benefits here, then packed up the jobs and sent them to the lowest-wage countries they could find.

THE BOTTOM LINE:
Corporate America has no business crying about global competition. It’s an excuse for multiplying its profits without sharing the wealth.

7. Free trade agreements create jobs.
The North American Free Trade Agreement has sent more than 420,000 U.S. jobs to Mexico and Canada since 1993. New U.S. jobs in the export sector never materialized because the collapse of Mexico’s peso made it even cheaper to move factories and jobs south of the border.

NAFTA hasn’t even helped our trading partners. With the peso’s collapse, Mexican workers are earning less.

THE BOTTOM LINE:
“Fair” or “managed” trade is a much better approach. It protects U.S. workers and U.S. jobs. It also protects workers in other countries from being exploited by rich companies offering pennies-an-hour wages and inhumane working conditions.

6. Big government is what’s wrong with America.
If your parents are getting by because of Social Security, thank the government. If your water is safe to drink, your food is safe to eat and your medicine is safe to take, tip your hat to the government.

And government today is smaller than it’s been in two decades. Government employees make up less of the nation’s workforce than they did 20 years ago, and federal taxes are a smaller part of the nation’s income.

But corporations and the wealthy have
been shifting the cost of government to working families. Corporations contributed 31 percent of the nation's tax revenues in 1953, but just 9 percent in 1993. Families earning $560,000 or more a year pay an average of $15,674 less in taxes than they did in 1977; families earning $48,000 pay an average of $287 more.

**THE BOTTOM LINE:**
Corporate America likes the services that government provides just fine. It just wants you and me to pay for them.

3. There's nothing wrong that a little retraining won't fix.
Job training is important—but it's not worth much without jobs to train for. Instead of allowing U.S. jobs to be sent overseas, we've got to get serious about job creation in this country.

4. The federal budget deficit is destroying our future.
If you didn't pay cash for your house or your car, you're a deficit-spender, too. The government is doing the same thing our families do—paying over many years for big-ticket items, such as disaster relief, aircraft carriers, bridges, roads and space ships.

5. Higher wages cause higher prices and cost people jobs.
Raising wages actually can increase employment. People with higher wages can buy more goods and services, meaning more workers are needed to make the goods and provide the services.

Higher prices (which the politicians call "inflation")? That's an old, discredited argument corporate America uses to keep wages low. Inflation still hasn't grown since the 1996 minimum wage increase.

**THE BOTTOM LINE:**
When workers get decent wages, it's good for them, good for their families and good for the economy.

And the federal deficit has been cut in half since 1992.

**THE BOTTOM LINE:**
Deficit spending often is necessary—for our families and for the government. Without borrowing, government wouldn't be able to smooth out economic downturns, cope with natural disasters and economic emergencies or protect our national security.
THE BOTTOM LINE:
We spend far less on training and job creation than any other industrial nation. America can do better.

2. Unions are bad for the economy.
Heavily unionized automakers, airlines, aerospace companies, telecommunications giants and others are some of this country’s largest and most successful companies.

THE BOTTOM LINE:
Unions raise everybody’s living standards in a “virtuous cycle”: When wages grow, consumers spend more; businesses invest more in efficiency, and productivity increases. This leads to higher wages and economic growth—and the cycle continues.

1. There’s nothing we can do about income inequality.
Working together, we can hold our bosses and our government leaders accountable for the well-being of all of us—not just the monied special interests. The labor movement did it before, and we can do it again.

THE BOTTOM LINE:
With a revitalized labor movement, working families can build an equal voice in the economy.

When workers get good wages, it’s good for them, good for their families and good for the economy.

SPEAK UP! Please share your favorite myths about today’s economy, and stories about how your working family is coping. Contact the Common Sense Economics Project, AFL-CIO, 815 16th Street, N.W., Washington, D.C. 20006. Fax: 202-508-6987. E-mail: 71112.2271@compuserve.com.
We Need to Understand and Expose Economic Injustice

As long as workers believe that we’re in an economic mess alone—that our mounting debt and stagnant wages and three-job efforts to remain afloat are unique—we won’t be able to take back the economy for working people. We need to educate ourselves and others so that we recognize clearly all the ways corporate America is trying to crush workers—by devaluing and eliminating our jobs, busting our unions, demanding special breaks from government and pitting worker against worker. That is why the AFL-CIO and its affiliated unions are developing a comprehensive, multifaceted economics education program—to show the patterns of economic injustice that only collective action can change.

We Need to Organize

Rebuilding our unions is the single best way to correct the imbalance of power that favors corporate America and the rich over working people. As long as bosses can exploit unrepresented workers in other plants, offices and countries, we will be vulnerable to downsizing, concession demands and the export of our jobs. And until we can show growing strength through growing numbers, workers’ needs will be ignored—by industry barons and government alike.

When workers unite, we have power—the power to take back the economy.

We Need to Hold Our Government Leaders Accountable

At every level of government, our leaders must know for whom they are working. America’s working families vote. We put our leaders into office, and we have every right to expect them to represent our interests. Our leaders need to know that we watch what they do about our families’ economic security and well-being.

A union speaking for hundreds or thousands of members is much harder for a politician to ignore than a single voice or two. Unions speaking together for millions are even more effective.

The Bottom Line: It’s Our Economy, Too

“I was always taught to get a job and work an honest day and you’ll get a fair wage for your labor,” says Ray Kimbro, a Chicago security officer. “It worked for my grandparents. It worked for my parents. Today it isn’t so.”

No one ever wants to hear his or her children or grandchildren say, “You know, in my parents’ day a family could get by with two parents working just two jobs each. Today it’s not so.”

They deserve better from our economy, and so do we. Working Americans need to know that we’re not alone in our struggles to get by. With a revitalized labor movement, we can take back our future.

Common Sense Economics Toolkit

The AFL-CIO has developed resources and training programs for those wishing to bring Common Sense Economics education to their unions, central labor councils and state feds.

- Basic “rap” about the economy. Thirty- to 45-minute presentation.
- Basic workshop and supplemental modules. Two- to two-and-a-half-hour interactive workshop with additional modules.
- Study group session, with manual and discussion leader’s guide. Seven 90-minute sessions to run once a week, after work or on weekends.
• George Meany Center course. Two- to three-day courses for leaders and key staff members of unions, state federations and central bodies.

• Video. Short videos in a pause-and-discuss format.

• Membership Education and Mobilization for Organizing (MEMO) training session. Three- to four-hour session inspired by the Electrical Workers' Construction Organizing Membership Education Training (COMET) program.

For further information about the Common Sense Economics project, contact the AFL-CIO Department of Education (phone: 202-637-5142; fax: 202-508-6987).

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With a revitalized labor movement, we CAN take back our future.