



# THE EAGLE



LOCAL 1103

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## *The Billionaire Bail-out Society*



CWA Local 1103 LPAT

So who is really to blame for what is now referred to as the "Great Recession"? If we listen to the corporate media and certain politicians (that shill for Wall Street) we would find to our amazement that we are to blame. Those who fight to keep the status quo tell us the collapse was largely due to irresponsible sub-prime mortgage borrowers purchasing homes they could not possibly afford.

The problem with this answer is the numbers just don't add up. Sub-prime mortgages account for about 1.3 trillion dollars in market value.

At the time of the government bailout the losses due to these defaults was 300 billion dollars. So if the sub-prime mortgage "irresponsible borrowers" were the culprits why didn't the one trillion-dollar bailout solve the whole problem? Using basic math skills we can clearly calculate that we the taxpayers shelled out more than enough to settle those loans and bring back prosperity.

What we do know is the housing market burst triggered this economy worldwide melt down.

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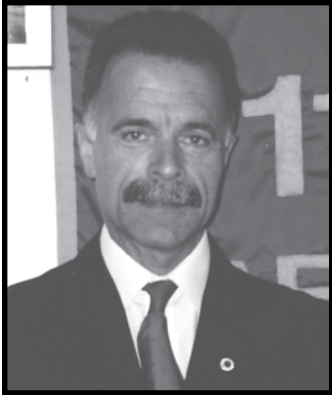


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# In My View . . .



We have witnessed a tremendous moment in History in which every American will have the right to Health Care. We also saw how evil the political party of "NO" pulled out all the stops to make President Obama fail. They are more interested in politics than helping 32 Million Americans get medical coverage. We saw how big business used there money muscle and influence in an unsuccessful attempt to sabotage health care reform. While it's true the plan doesn't have all the pieces we would

want it to have the status quo was unsustainable. The irony hear is this so called Obama-Care-Plan that all the Senate Republicans are still vehemently opposed to pretty much mirrors the Massachusetts Health - Care Plan placed into law by the then Republicans Mitt Romney and Scott Brown, Governor and State Senator respectively. Healthy debate is good but the violent acts against Congressional Representatives, there offices and homes crosses the line. When the dust settles I believe health-care reform will benefit all.

On Feb. 26<sup>th</sup> Verizon notified the National Union that a surplus condition exist in 39 titles across all 6 FAA's. this is considered a process change in which the force adjustment plan will apply.

Discussions between the National Union, the IBEW, and Verizon have taken place regarding a one time extra retirement incentive. The entire Leadership of the Union committee rejected the Verizon offer due to the following,

It did not include all union members,

The company would not bring back our already laid off members,

They refused to bring back any more contracting jobs,

They would not agree to safeguard the jobs of those who were hired after August 3, 2003.

Nor would they agree to shorten intervals for servicing our repair and installation customers, further eroding our subscriber base.

Verizon insisted on decreasing its payroll by 12 thousand Union members even if it meant violating our Contract!!!

So if you look at the sum total of the Company offer and factor in that it is the Unions obligation to bargain for jobs and not a lay-off in Sheeps Clothing you can understand why the Company's Offer was rejected and why every Local President in CWA Districts 1, 2, and 13 including the IBEW fully supported the Union Committees decision to reject. As of this writing the Union and Verizon have reopened discussions regarding this subject and as soon as I get new information I will have put on our Tape and Website.

As a member of the CWA Local Bargaining Committee I have been involved with discussions regarding the Scheduling Center and the problems it is causing you the member. The other Union Committee members are Presidents George Bloom and Gill Carey of CWA Local 1104 and 1118 respectively along with Upstate Area Director for CWA District One Dave Palmer.

We've met twice with Verizon Labor Relations:

March 8<sup>th</sup> in Albany and March 24<sup>th</sup> in NYC

Now remember, these discussions only impact those members involved with The Scheduling Center. So far Agreement was reached on a method for assigning N-Days and Tours.

The company has agreed to stop using there present counter system of assigning N-Days, and start a method


of simple rotation by seniority .In addition Tours will be assigned in the same manner. This should begin on April 19<sup>th</sup>. Members returning from disability now will not be required to make up the N-Days they would have been assigned to while out of work which was standard operating procedure. Regarding Boarding and Lodging Assignments, The N-Days will be reduced in the from locations while those transferred members will carry there assignments to the to locations. We are certainly looking to treat all transfers this way and will endeavor to do so at our next session on April 27 at 80 Pine in New York City.

We continue to object to Verizon's routinely denying V-Days on scheduled Saturdays. Remember Saturday must be treated like any other day. If you've been denied and were forced to take a "Short Notice EWD" see your steward representative and institute a grievance. The Business Agents have been very successful in winning these back.

The last subject we tackled was the 2009 Carry Over vacation problem. We got them to agree to increase the contractual limit of March 30<sup>th</sup> for this purpose to April 30 with this understanding that all 2009 single day Carry Over vacation time will need to be requested and scheduled for use prior to April 30<sup>th</sup> and for members who still have 2009 Carry Over who already have taken 2010 vacation it was agreed to replace the 2010 vacation time already taken with remaining 2009 Carry Over Vacation if members choose to. I know this doesn't fix all of our problems but at least we started to chip away.

In Solidarity,

**Joseph A. Barca, Jr.**  
President



## THE EAGLE

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Simply put the boom started when interest rates went down creating low-cost mortgages. These low rates brought in a myriad of new buyers looking for new homes, second homes and homes to flip. The boom was gaining such speed that builders could barely keep up with the demand for new houses. As the demand for homes increased, home values went up with no apparent end in sight. Banks gauging the housing market decided to also cash in on this phenomenal boom by increasing the number of eligible borrowers. To do this banks created the sub-prime mortgage.

It may be counter-intuitive, but banks and lending intuitions don't make money by waiting for long term loans to return. They need money to make money, therefore; it's the high up-front fees they charge that enable them to quickly get back in the financial game. So banks are encouraged to make loans, the more loans the more fees, the more fees the more investments they can quickly get in on. So when the banks felt that the housing boom might slow down for lack of customers they needed a way to generate more loans. That is why the sub-prime mortgages were so attractive to them. Yet, one may ask what if these high-risk borrowers started to default on the loans, surely that would be a problem. Except at the time housing values were increasing at an extraordinary rate and the current level of default was only 5%. Therefore a common philosophy was if a borrower

defaulted the bank could still sell the house at foreclosure at close to the owed value of the remainder of the loan. To the banks the return was worth the risk.

A sub-prime mortgage is a loan that normally would not be granted for several reasons: low credit rating, no income verification, and a high debt-to-income ratio. In fact, prior to 1980 and Reganomics most of these loans would not have been granted. This is because after the "Great Depression" one of the most important lessons we learned was unfettered financial speculation ends in disastrous consequences for working class people. That is why an important component of the "New Deal" was financial regulation to keep speculators from ruining the economy. Unfortunately the working class often forgets the lessons of the past, while the wealthy patiently waits and preys.

Eventually the housing bubble burst. After years of a housing market frenzy, the real value of homes and inflated value were clearly too far apart. Builders overbuilt homes due to unbridled financial optimism and now supply outstripped demand. Without the buyers, home prices dropped drastically and homeowners now realize they owed more than their homes were worth. Next the sub-prime adjustable rates kicked in driving monthly mortgage payments sky-high and homeowners begin to default in record numbers. The housing market bubble had burst and in turn triggered a cataclysm freeze in the world's economy.

Yet specific booms and bursts have occurred throughout history and have not caused this type of deep penetrating economic catastrophic. So, if the housing boom and burst was the trigger for the "Great Recession" then what was the actual cause? To discover this we have to visit the biggest betting parlor located on the most well know street in America. Welcome to Wall Street's "fantasy finance casino", where the ultra-wealthy's wagers on the high-risk housing derivative market put millions out of work, produced a world-wide economy freeze and caused the near collapse of the banking industry. In essence a perfectly legal virtual crapshoot was riding on the back of the real economy. What should have been an economic speed bump became a massive finance pile-up with wreckage spewed across the globe. Our economy was not wrecked by the working class looking to own their own home's but by billionaires creating more wealth by gambling on our lives.

**Joe Mayew**  
**Business Agent**

*See Next Month's Eagle for Part 2 of this Article*

*The research and information for this article was obtained from Les Leopold's book "The Looting of America". Les Leopold is the cofounder of the Labor Institute and a frequent contributor to CWA programs.*

# CWA Local 1103 is Chosen as District One's Pilot LPAT

At the District 1 Leadership Conference in March, the National Union asked each local to step up their political legislative programs. To support this request, CWA Local 1103 has created an LPAT (Legislative Political Action Team). The local, led by Business Agent Joe Mayhew, scheduled April 15, 2010 for our first meeting at Horgan Hall. Many prominent politicians that support working families attended the meeting in person, including NYS Senator Andrea Stewart Cousins, Assemblymen Richard Brodsky and George Lattimer.



Jeff McKay participates in conference call with US Congressman John Hall

US Representative John Hall called in from Washington, DC, and participated via conference call. Some items discussed were winning back the 89th district assembly seat, re-electing John Hall in the 19th congressional district, re-electing Andre Stewards-Cousins for NYS Senate, and aggressive lobbying action from members to pass the repeal of the Reverse Morris trust in the US Senate.



District One's Joyce Patrella addresses first LPAT in CWA

Goals were set for LPAT including how Members can support our 2010 agenda, COPE growth, and Working Families Party (WFP) involvement.

**Be on the lookout for LPAT campaigns, your job depends on them!**



LPAT Members learning about Reverse Morris Trust Loophole