

AN INJURY TO ONE IS AN INJURY TO ALL



**PUBLISHED BY
SEATTLE ILWU-PENSION CLUB**

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In Memory
**FRED BERG
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China Trade – A Nautical Naughty? (Or Merely Knotty?)

By Dave Chaddock

Trading with China. We make a living at it. Should we be ashamed of ourselves? In his new book, *THE CHINA FANTASY*, James Mann writes: "Across the US, factories have closed and millions of Americans have been put out of work as the result of our decision to keep our markets open to Chinese goods. "Mann suggests that if China is not stopped, in 30 years it will "serve as a model for dictators, juntas, and other undemocratic governments throughout the world. Senator Dorgan calls our "wide-open trade with China" a "misstep of cosmic proportions." He mourns what he calls the decimation of the "bedrock of America", the steel worker in Pittsburgh, the craftsman in Minnesota, the textile worker in Georgia. Should we not be rising up in arms at the fact that all the good jobs are "leaving America at a dizzying pace?" Should we not be indignant that 900 Ohio workers recently lost their jobs when Huffy Bicycle Company moved to China where they can pay Chinese workers 33 cents an hour to make bicycles? (See his book *TAKE THIS JOB AND SHIP IT.*) And Greg Palast, funnyman on the left, warns us against aiding the "Darwinian horror show of China." Remember when America was Number One? Now even Chinese farmers have gotten into the act, selling more garlic in the US than California

does, and even having the nerve to horn in on our Far East markets, selling their apples, broccoli and lettuce to Japan! Where will it all end? Many lawmakers are now saying that it is high time to "stop treating China with kid gloves." (NYT, 3-2) The US recently announced that it will impose 10-20% tariffs on Chinese imports of the paper used in brochures and catalogs. Are tariffs on steel, plastics, machinery and textiles to follow suit?

Before endorsing such protectionist policies, we had better take a closer look at the situation. Yes, right now our imports from China are dwarfing our exports to China, but at the same time these exports are not to be sneezed at. The fact is, our export situation is somewhat lackluster of late, except in the direction of China. From 2001 to 2005 US exports to China rose five times faster than US exports to the rest of the world, and in that period, China rose from being our ninth export market to becoming number four. So far China has not threatened to retaliate in kind. It plans to appeal the high-gloss paper tariffs in US federal court, and at the WTO. But we better hope China does not try to get even. A good place for it to start would be to object to US cotton subsidies. Without these subsidies, it would not pay for the US to export cotton at all. But with the government providing more than half the income, the US is the world's largest cotton exporter, as 25,000

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very rich farmers get about \$200,000 each of our tax money. As this subsidized cotton floods the Chinese market, the price that Chinese cotton farmers receive for their crop has dropped drastically. Domestically produced cotton in China is now practically unmarketable. A similar situation exists in soybeans. In 2002 China imported about 11 million tons of soybeans. Then it entered the WTO and surrendered its right to limit soybean imports. For the following three years these imports, mainly from the US, skyrocketed to over 20 million tons a year. The effect on the incomes of Chinese soybean farmers was near catastrophic. (Maybe some of them switched to garlic and lettuce!) Yes, we can sympathize with the Huffy bicycle workers, but many Chinese farmers are suffering similar pain. And there is another point. Long before China trade became the culprit, US workers have been made idle by an even greater force, automation. We have certainly seen it here on the waterfront, with the coming of the shipping container. Similarly, at Copland Fabrics, in Burlington, North Carolina, where the president of the company says he is "mystified" by "sending jobs over to Communist China", Copland had already reduced its work force from 850 to 350 by installing computerized looms. This was before China had gained large-scale access to the US market. (NYT, 11-2-03) Again, consider the fact that China itself makes precious little from most of the products it exports, 70% of which are processed products. Japan, South Korea, Taiwan, and the Philippines have made use of China as a final assembly point. In a typical transaction, China pays \$100 to import raw materials, and exports the finished product for \$115, making only \$15. Tariffs would hurt and penalize many other economies, not just that of China. Besides, the invisible hands of multinational corporations, most of them American, rake in the bulk of the profits from this trade. Such corporations have also profited from providing services and technology that are not included in trade statistics.

We are told that China should drastically increase the value of its currency, which used to be pegged to the dollar, but has recently been allowed to float up by 5%. This would hardly be a solution. When a sneaker that China sells for \$5 retails in the US for \$170, even a 50% hike in RMB would not change the fact that the Chinese article would be vastly cheaper. Besides, as the RMB rose in value, the raw materials imported by

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China, which constitute a large proportion of the sale price of the finished products, would become less expensive. Moreover, even if they rose in price, many Chinese goods are high in quality and would still be preferred. Already, textiles from Bangladesh are cheaper, but are not as well made. But let us suppose that we did succeed in vastly cutting back Chinese exports of textiles by making them too expensive to buy. Leave aside for the moment the harm that this would do to the 90 million Chinese workers employed by the textile industry. What would be the upshot for our side? If the value of the RMB is increasing in relation to the dollar, this means that the dollar is simultaneously decreasing in value. Right now the Chinese invest a large proportion of their foreign exchange profits in the purchase of US treasury bills. They could earn far better returns by investing their money elsewhere. To the extent that the dollar loses value this becomes even more true. It is insane to try to save the US economy by making the dollar worth less and less. At the present time the US is acting very irresponsibly in running up a huge federal deficit. What allows us to keep doing this is in effect the money being lent to us by the Chinese (and others). The average American makes \$40,000 and saves nothing, whereas the average Chinese, making a lot less, saves about 23% of his income and puts it in the bank, which in turn lends a large portion to the US by buying dollar-denominated bonds. The Chinese, also holding about \$100 billion in mortgage-backed securities, are starting to wonder just how long they should continue to subsidize the low interest rates of their ungrateful American friends. While we borrow against illusory gains in wealth from rising home values, the Chinese have been working hard and creating real value that we in turn are squandering away! Already the Chinese have formed an organization that will start to invest

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diversely and aggressively. Since these reserves are accumulating so quickly - by more than \$20 billion a month - China has money to spare and is likely to continue buying large numbers of treasury bonds for a long time to come. Moreover, an economic decline in the US, which would be caused by a dumping of Chinese dollar assets, is not something that China wants to see, as this would hurt its sales to the US. Nevertheless, the system is out of whack. It is bizarre and cannot continue much longer.

In the long run a solution must be found that would entail the Chinese saving less and spending more on US products. One of the difficulties with this is that the Chinese social security and medical situations have been such that the average Chinese has not felt safe without piling up a large nest egg. But this will be changing. For many years the Chinese have put all their emphasis on growing stronger and building up their economy. Now they realize that human relations have suffered and the environment has suffered. They launched an experiment to privatize medical care and they acknowledge now that it was a gigantic failure. The new emphasis is on "soundness" of development. The poor and the vulnerable are going to get more support. Huge sums are being allocated for government-supported medical care and for education. All six million of its civil servants are going to be given training courses in the next five years in order to impart to them "the urgency and necessity of building a socialist countryside" where the farmers are not neglected. (BEIJING REVIEW), 3-29) This does not mean that growth will be abandoned, for the Chinese believe that it is thanks to these years of rapid growth that they have obtained the strength to pay more attention to "soundness."

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In the meantime we should stop acting as if we are God's gift to humanity and the Chinese cannot get along without us. Faced with a rising threat of protectionism and the decline of the dollar, China trade is growing faster in Europe, Africa, the Middle East, and in South America. If anything, we need them in this mutually beneficial relationship more than they need us! We should not turn up our noses at the fact that China has saved severely strapped American consumers millions of dollars by providing inexpensive everyday items. The fact that a large proportion of these items have been sold by Wal-Mart (or Mall-wart as I saw it called on a bumper sticker) should be a separate issue. It is not inevitable that goods from China have to be sold to us by labor-hating, chiseling skinflints with large dangerous parking lots.

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PCPA Executive Board Report May 29, 2007

President Austin reported on his activities since the last meeting in Tacoma. He noted the change in the political make up of the houses of congress, both, state and national. Over 50 members of Congress have a pro-labor voting record of over 95%

President Austin stressed six areas for us to contact our Legislators about:

- 1) Enact legislation to bring our troops home.
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- 3) Enact laws that truly protect pensions and Social Security.
- 4) Enact the Employee Free Choice Act. All working men and women should be able to join Unions if they so desire.
- 5) Abolish No Child left Behind. Enact laws that support public education and end re-segregation.
- 6) Amend NAFTA, WTO, CAFTA and all other flawed trade agreements so that the needs of workers reign supreme over corporations and their insatiable thirst for profits. It is our job to contact our legislators, both state and federal, to urge them to support the polices of the ILWU.

It is the recommendation of the Executive Board that the PCPA and the Pension Clubs embark on a activist agenda to further the aims of our Union and assist workers everywhere.

- 1) Institute recruitment program to increase club memberships.
- 2) Assist locals with their education programs
- 3) Participate in organizing efforts - Blue Diamond, Rite-Aid, Del Monte.
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- 6) Write short stories about Club activities for inclusion in the PCPA column in The Dispatcher.

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Respectfully Submitted,
IAN KENNEDY
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Longshore Clerk and Walking Boss Caucus

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Resulting in disputes pre-certification and denial of service, causing members to receive collection notices. "Our commitment to maintaining and improving our benefits is absolute. As always, we know we can count on the Division's full support in our efforts to achieve the results we need."

PENSIONS

As of April 9, 2007 our plan was 81% funded based on the total market value assets of \$2,441,429,900.00. (Vested liability of \$3,002,000,000.00) "We must continue to build on the progress we have made or we will slip back into inadequate pension benefits." You will be receiving a notice, with cover letter. The notice is confusing and poorly constructed. It will use different funding level formula then the PBGC uses. It will indicate that the Plan has enough assets to pay approximately 11 years of benefit payments at July 2005 level. It doesn't take into account current assets or scheduled employer contributions. Brother Romero will be retiring after the 2008 negotiations are complete. A replacement is being brought on for the next year to be trained. In conclusion, MAINTENANCE OF BENEFITS (MOB) remains the absolute on-negotiable component of our benefit programs.

REGISTRATION: The registered workforce, as of April is 14,265 The Coast Committee continues it's outreach to Unions world wide. They have made contact with the Mexican Dock Workers and will continue to attempt

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PENSIONS

As of April 9, 2007 our plan was 81% funded based on the total market value assets of \$2,441,429,900.00. (Vested liability of \$3,002,000,000.00) "We must continue to build on the progress we have made or we will slip back into inadequate pension benefits." You will be receiving a notice, with cover letter. The notice is confusing and poorly constructed. It will use different funding level formula then the PBGC uses. It will indicate that the Plan has enough assets to pay approximately 11 years of benefit payments at July 2005 level. It doesn't take into account current assets or scheduled employer contributions. Brother Romero will be retiring after the 2008 negotiations are complete. A replacement is being brought on for the next year to be trained. In conclusion, MAINTENANCE OF BENEFITS (MOB) remains the absolute on-negotiable component of our benefit programs.

REGISTRATION: The registered workforce, as of April is 14,265 The Coast Committee continues it's outreach to Unions world wide. They have made contact with the Mexican Dock Workers and will continue to attempt

Continued on page 6

Continued from page 5

PUBLIC RELATIONS:

The Coast Committee is changing our emphasis to a more positive, image-building focus, with the purchase of radio and television spots. Local 10 and local 142 have already played such spots.

RESOLUTIONS:

The caucus chair held up all the resolutions until the final day. Then he had all resolutions that pertained to the contract, held over for the contract caucus. No resolutions were passed that would effect the pensioners in any way.

Respectfully Submitted,
IAN KENNEDY
SEATTLE PENSION CLUB

**THE LOCAL 19 "73rd Anniversary"
"Bloody Thursday" Memorial Picnic**

July 5th, 2007

Will be held at;
Vasa Park & Resort
3560 W Lake Sammamish Rd SE Bellevue

Go east on I-90 to exit #13
(West Lake Sammamish Rd SE – Hwy. 901).
From the off-ramp take a left and stay in the left lane
heading North on Lake Sammamish Rd for 1 mile
until you see a large building painted "barn red" on the
left side of the road.

10:00 am – 7:00 pm
Food served 11:00 am – 4:00 pm

Events;

A Picnic and Potluck
Activities – Basketball, Volleyball, Horseshoes
Lake Fishing and Boat Launch
Swimming (life guard on duty) & Waterslides
R/V and Tent Sites Available
Glass not permitted on premises

Conversations With Harry

By Ian Kennedy

I decided to stay on in San Francisco after the caucus and spend a few days wandering one of my favorite cities. After all, I'd have to fly back down to meet Harry anyway. I wandered through the Haight-Ashberry area remembering my time spent here in the sixty's and early seventy's. Today one sees men and women all dressed to the nines, no more tie- dyes, beards, nor drugs (at least, in the open.) I wandered through North beach, (is it still called that?) And remembered the fifty's and the beat generation, the small jazz and comedy clubs I used to hang out at. The flea bag hotels where you could get a bed in exchange for a joint. Then, back to the old waterfront and the seedy bar where I meet Harry. When I got there he was sitting alone at "our" table waiting for me. When he sees me, he smiles, "well kid, I wasn't sure you would make it." He orders a pitcher of beer. "I've tried to get these folks to get some of these new fancy beers that they're making these days, but the boss wont go for it. He says it's just a fad." We sip our beer silently for a couple of minutes. "You were at the caucus?" He asks. " The contract is up in a year. What is the general feeling amongst the leadership? I understand the PMA have been telling the press they wanted early negotiations." "Prior to the last elections, when the PMA were asked about early negotiations, they said no. since the Democrats did so well in November, they are singing another tune. Since the caucus, McEllrath has met with CEO and I understand, has agreed. I haven't heard if he put any conditions on them." I responded. Harry ponders this. "Well," he pauses, "In 02, the employers stone walled the Union. Dragged out negotiations, burned up the Unions' money and wore our people out. Consequently, the Clerks got a bad deal." Again, he pauses. "What the Committee has to do is demand the employers hand over their package at the first meeting, if not before. And if they start sandbagging, Then send the guys home and start up again at the usual time." He thinks about what he has just said. "It aint as easy as I make it sound. The leadership has to make the call."-----"Have you any idea of the employers demands?" he asked. I shrugged my shoulders, "I believe they will go after section one of the clerks contract. Probably the Longshore contract as well. They'll want steady utility men that can be moved as they want.

AN INJURY TO ONE IS AN INJURY TO ALL

Correspondence

WE got a \$25.00 donation from JOHN LEWICKI , A \$100.00 donation from TED LEONARD, A \$100.00 donation from ANTON BLACK, A \$12.00 donation from DON KEZELE, A \$12.00 donation from ROD BAKKEN, A \$100.00 donation from ROY MURRAY, A \$20.00 donation from SAM HUNIU, and a very generous donation of \$1000.00 from ART SLATER and another very generous donation of \$1000.00 from DICK and ANNE NELSON

WE at the RUSTY HOOK thank each and every one of you for your continued support of our Pensioners Club.

We also wish to thank BOB SWANSON, RICH MAL-LETTA and BOB ROGERS for the donation of a new desk for the Pensioners Office.

From JUDY SWICKER Treasurer Local 21 Pensioners, Their annual check of \$50.00 for the HOOK. Thank you LOCAL 21 PENSIONERS!

From ROY and SHERRY MCDERMOTT Yuma, AZ
Hi Guys,
About time you heard from us huh? ROTTEN ROY and I have been ill since last September. We're trying to keep the doctors and hospital running. As I wrote four years ago ROTTEN had the left lobe of his voice box removed with cancer. He's been suffering most of the time since with a sore throat. But the cancer's gone. Anyway we're getting old and he has always noted for being vocal. Well he can barely talk now. RAY said our dear precious says hello. She's a seven and a half pound Chihuahua. I also wish all of you fellas who are left the best of everything.

ROY and SHERRY MCDERMOTT

PS Thank God for our wonderful insurance plan we are able to cope very well.

Thank you ROY and SHERRY for the letter updating us on ROY's condition and for the \$50.00 donation.

From JUDY (PRONG) MOORE & BOB PRONG
Shelton, WA

We're writing in regards to our father, JOHN PRONG, who passed away March 11, 2007 at the age of 89.

He started working as a longshoreman at the age of 16. His father FRED PRONG and brother LARRY PRONG were also longshoremen. Our father left for 4 years during World War II to join the Navy, then returned to the docks for 20 years as a fork lift driver. He then became a Night Business Agent for 2 years. He was the first instructor to teach Straddle Carrier driving to other longshoremen. The last 5 years of his career was spent working at Pier 5, bringing his total time as a longshoreman to 38 years.

Please accept this \$ 100.00 donation in our father's name. He loved four things in his life: Family, Fishing, Hunting, and being a Longshoreman.

Thank You

Judy (Prong) Moore & Bob Prong

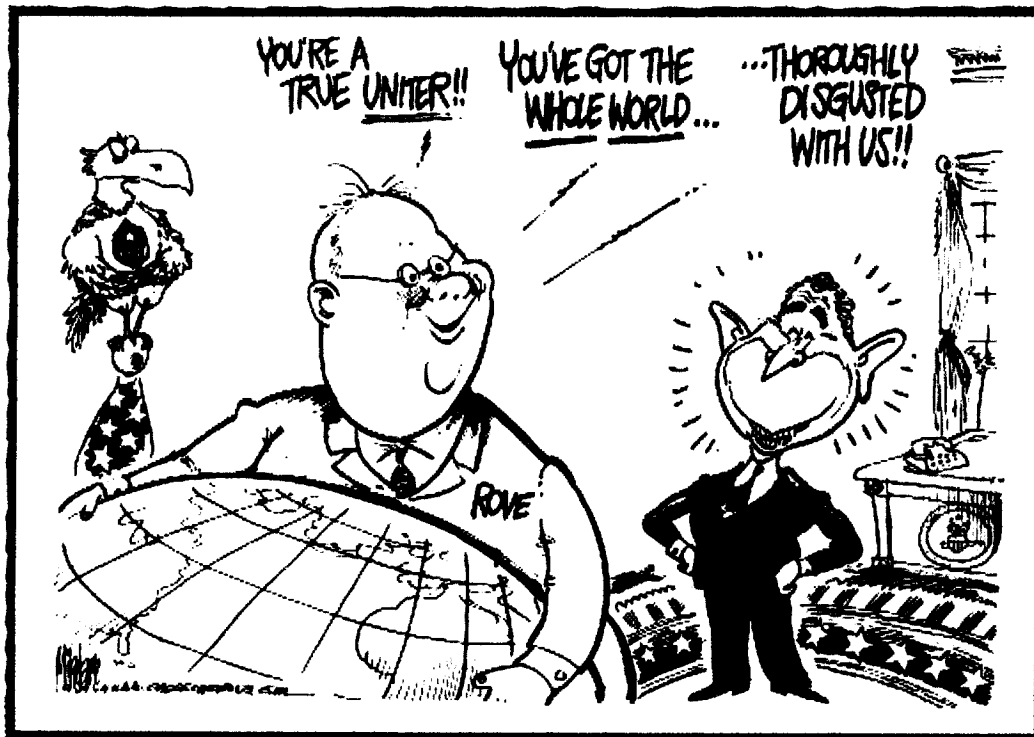
Conversations With Harry *From page 6*

I'm sure they will be putting computers in all the equipment so that the longshore side can do the clerks' work. They want the dispatch Hall, computerizing it will be a first step. And medical benefits have been going up by leaps and bounds. The easiest target would be the pensioners, they have no vote." I shrug again, "Just my thoughts."

We finish off the pitcher and order another. "Well, with the change in congress the employers probably wont be trying another lock out, but they will try to push the union into a strike." Harry said. "We had best be careful, we don't have a strike fund." I responded.

"Hell kid, don't you know, I've always said, our brothers and sisters strike fund has always been in their pocket. Just think, if everyone took ten percent of their checks every week and put into a special account,, by the time the contract is up they would have all the money they would need to carry themselves for over a year. So, even five percent would be more then enough." He sat back in his chair, sipping his beer, a smile on his face.

After a few minutes, Harry glanced around, finished his beer, got up and smiling down on me said "Good seeing you, kid, got to go." And as he turned, "Take care of the tab, will ya?" And he was gone.



**Seattle ILWU
Pension Club**

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Dick Melton
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ILWU Benefits Office – Nick Buckles, Director
Jefferson Square 4700 42nd Ave. S.W. #551
Seattle, WA 98116

206.938.6720

THE RUSTY HOOK
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Seattle, WA 98134

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