

Financial Attack SEIU Plans Days of Rage Against Wall Street

By F. Vincent Vernuccio and Matthew Vadum

Summary: Led by the radical Service Employees International Union (SEIU), left-wing unions and activist groups have been planning to launch a national campaign of economic strong-arming and sabotage. Their plan envisions mortgage and student loan strikes and bank boycotts. Also contemplated are acts of harassment and intimidation directed against bank officials, corporate heads and public officials deemed to be enemies of the people.

On March 25 ACORN founder Wade Rathke, a one-time president of an SEIU local in New Orleans, announced what he described as “days of rage in ten cities around JP Morgan Chase.” Rathke said the forthcoming campaign of demonstrations, strikes and disruption will mark “the beginning of the anti-banking jihad.”

This kind of inflammatory language hasn’t been in the news since the days of Patty Hearst, the Weathermen, and the Black Panthers. But it has always characterized the rhetoric of left-wing activists. Now, as the labor movement lurches increasingly to port in frustration at the stalemated politics of Washington, D.C., you can expect to hear more fighting words from the activist Left.

Since at least the late 1960s, the American Left has embraced what could be characterized as economic strong arming. Striking fear into the hearts of big corporations is a tactic that has proven to be both politically useful—and lucrative. The shakedown artists



The angry mobs of the activist Left have big plans for Wall Street.

of ACORN and Jesse Jackson’s Wall Street Project can attest to that.

Many activists conceal their in-your-face agenda behind the comforting message of “community organizing.” But others revel in it. For example, Bruce Marks, president of the Neighborhood Assistance Corp. of America, has proudly described himself as both a “banking terrorist” and an “urban terrorist.” (NACA was profiled by David Hogberg in the April 2009 *Organization Trends*.)

The current campaign is still in the planning

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stages and descriptions of it vary depending on the audience. That's the kind of strategem that would appeal to President Obama, who as a presidential candidate promised three years ago to do the bidding of Saul Alinsky-inspired groups such as ACORN, Gamaliel Foundation, National People's Action, and the Center for Community Change (CCC).

Almost a year before Obama told Joe "the Plumber" Wurzelbacher that he planned to "spread the wealth around," the candidate made it clear to the nation's cadre of far-left community organizers that they would be major players in his administration. At the CCC-sponsored Heartland Democratic Presidential Forum on Dec. 1, 2007, Obama promised that he would "be calling all of you in to help us shape the agenda ... for the next presidency of the United States of America."

On With the Financial Attacks

The lead organizer of what Rathke called the "anti-banking jihad" is Stephen Lerner, a well-known SEIU operative. Lerner is a board member of SEIU and is tremendously respected and influential in leftist organizing

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circles. He has reportedly visited the Obama White House at least four times.

SEIU happens to be President Obama's favorite union. The labor organization went into hock when it spent a staggering \$85 million in the last election to promote Barack Obama and other Democratic Party candidates. SEIU even produced a documentary film called *Labor Day* to let Americans know how much hard work it did to put Obama in the White House.

SEIU is one of America's largest and fastest growing labor organizations with 2.1 million members. It is certainly one of labor's most politically active unions. Unlike some unions that focus on preserving the pay and benefits of existing members, SEIU is eager to expand by aggressively organizing new members by almost any means necessary. SEIU leadership understands that focusing on signing up new members and negotiating higher pay is not enough. If it is to survive in a modern global economy labor unions must develop new ways to confront and intimidate corporations.

The goal is to have these companies sign neutrality agreements with unions. Such pacts prevent workers from learning about the consequences if they unionize. In almost all cases unions want the company to deny workers the right to vote by secret ballot on whether to join a union. Unions prefer the undemocratic "card check" method because it allows union leaders to intimidate workers into voting for unionization. Their motivation is simple: more members equals more union dues.

The best-known leaders of SEIU are two of its former presidents, John Sweeney, who went on to become president of the AFL-CIO, and Andy Stern, who often challenged Sweeney for not doing even more to confront corporate management. But below Sweeney and Stern are large numbers of dedicated and talented organizers, whose knowledge and

zeal have made SEIU a very powerful—and dangerous—organization.

Justice for Janitors

Lerner was responsible for SEIU's Justice for Janitors Campaign, which was ostensibly an effort begun in the mid-1980s to organize low wage janitorial staff of large office buildings in big cities. In fact, SEIU was trying to gain leverage over large scale property owners who exercise control over hundreds of millions, if not billions, of dollars embedded in commercial real estate.

These property owners typically hire building managers who out-source the work of office-cleaning to subcontractors who hire non-union cleaning crews. SEIU's aim was to shame and harass the building's owner by organizing noisy and disruptive strikes and protests against the subcontractor and demanding "justice for janitors." Lerner and his staff learned how to coordinate their outcries, involve church and civic leaders in their protests, and denounce the owner as a wealthy absentee landlord profiting from the manual labor of the poor. Cleaning crews were trained in protest tactics to disrupt pedestrian and vehicular traffic, interfere with the building's tenants and foment other nuisance-generating actions.

The Justice for Janitors campaign helped SEIU leaders show how to coordinate the union's tactics so that they had a social and political dimension far greater than a mere dispute over custodians' wages. What came to be called a "corporate campaign" gave the union leverage over the major owners of capital. Rather than rely on any single labor action, a corporate campaign could produce multiple benefits. The trick was to learn how to shake up the downtowns of major American cities, frighten commuters, worry the mayor, and produce editorials in the newspapers urging the property owner to demonstrate "social responsibility."

How to Put Banks on the Edge of Insolvency

The success of Justice for Janitors and similar campaigns primed community organizers and activists to take the next step, and the recent financial crisis and economic recession has offered them an opportunity they can't refuse. At a Left Forum conference in March at Pace University in New York, Lerner urged participants to do everything in their power to make the nation's financial problems far, far worse. In a tape recording of the conference proceedings appearing on Glenn Beck's news website, *The Blaze*, Lerner advised that if leftists really believe capitalism is in a "transformative stage," then they "need to confront this in a serious way and develop a real ability to put a boot in the wheel."

It seems to me that we're in a moment where we need to figure out in a much more, through direct action, much more concrete way how we really are trying to disrupt and create uncertainty for capital, for how corporations operate. And it may sound like that's a crazy thing that in a moment of weakness we could deal with it, but the thing about a boom and bust economy, is it's actually incredibly fragile, because it's ... based on gambling and all of that. And so there are actually extraordinary things that we could do right now that would start to destabilize the folks that are in power and start to rebuild a movement.

Lerner argued that a nationwide mortgage strike would cause a lot of headaches for Wall Street. He noted that 25 percent of homeowners now own a home that is worth less than they paid for it. Lerner said about 10 percent of those "under water" homeowners "are now in strategic default, meaning they're refusing to pay, but they're staying in their homes." The homeowners have



SEIU ringleader Stephen Lerner

figured out that it may take lenders a year or more to foreclose on their mortgages and evict them. Lerner said activists should urge them to stay put. "If you could double that number, you would ... put banks on the edge of insolvency again."

Sociologist Abby Scher raved about the plan's destructive potential. Scher is a City University of New York colleague of Frances Fox Piven, the pioneering small-c communist theorist of welfare state activism:

You were talking about why unions are so invested because of their pension plans and why ungovernability, as Frances Fox Piven and [Richard] Cloward taught us ... poor peoples' movements are successful when they create conditions of ungovernability. And then you win victories.

Creating "conditions of ungovernability" is precisely what sociologists Piven and her late husband Richard Cloward advocated beginning in the 1960s. "The Weight of the Poor," their infamous call to overwhelm governments with impossible financial demands, was published in the *Nation* magazine in 1966. The article inspired a generation

of community organizers, such as ACORN founder Wade Rathke, to hit governments and capitalists where it hurts.

Last April Obama campaign adviser Cornel West and Piven participated in a national online "teach-in" dedicated to sticking it to the system. And just last year, Piven urged delinquent mortgage holders to stay in their homes for as long as possible without paying their debts in order to bring the system crashing down. Piven told videographer Kyle Olson:

But if millions of people ... refuse to go along with foreclosure proceedings, and refuse to pay off those mortgages that are under water, that will be enormous pressure on the banks. And if they do it in the form of a social movement, if they do it with pride and audacity, if they do it with a sense of self-righteousness, the political leaders of this country will not be able to round them up.

Radicalizing "under water" homeowners is only one component of the SEIU plan: Lerner also spelled out how to paralyze the stock market. "We need to build a movement based on ... the oppression we're going to

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face ... and the key thing ... is, we have to say, what does the other side fear most? They fear disruption; they fear uncertainty.”

Lerner observed that earlier this year the stock markets fell after riots over austerity measures broke out in Greece. Said Lerner, “The folks that control this country care about one thing: how the stock market does; how the bond market does; and what their bonus is.”

Lerner said a strategy was needed that addressed the following questions: “How do we bring down the stock market, how do we bring down their bonuses, how do we interfere with their ability ... to be rich?” It’s important “to politically isolate them, economically isolate them and disrupt them,” he said.

“A Really Good Company to Hate”

Lerner said that after consulting his allies he decided that JPMorgan Chase would be “a really good company to hate.” He explained

We’re going to roll out over the next couple of months what will hopefully be an exciting campaign about JPMorgan Chase that is really about challenging the power of Wall Street. And so what we’re looking at is in the first week of May, we get enough people together – we’re starting now – to really have a week of action in New York with the goal of ... I don’t want to go into any details because I don’t know which police agents are in the room, but the goal would be that we would roll out in New York the first week in May.

The fact that Lerner was concerned about “police agents” who might be spying on him is telling. SEIU is well-known for storming banks and staking out the homes of corporate executives.

Lerner provided more details of his plan in an op-ed column at the left-wing newsmagazine *In These Times* (April 18).

In the op-ed he calls for state and local governments to stop doing business with banks if they refuse to become de facto relief agencies that redistribute their wealth to homeowners who made bad investment decisions. The banks to be targeted are those that don’t pay their “fair share” in taxes or refuse to slash

the state government, forcing it to renegotiate old outstanding loans. Changing the terms of the loans would save the state’s taxpayers \$21 billion, he wrote. Whether California, whose outstanding debt has engendered the lowest bond rating of all 50 states, is even in a position to seek a ratings upgrade is far from clear.

Lerner isn’t the first radical activist to advocate in-your-face tactics. Veteran radical



interest rates and partially forgive homeowners’ mortgage principal.

Lerner exhorted students and local governments –which employ many government sector union members—that they should not pay back “unfair debt” until the banks lower their interest rates. By engaging in a loan strike the people and their representatives “would threaten CEO bonuses and bottom lines of the banks.” Lerner further urged that public employee unions press state and local governments to dump sophisticated investments such as “interest rate swaps.” He claimed the “toxic” transactions cost the nation’s taxpayers at least \$1.8 billion a year.

Lerner imagined that California public employees might threaten to go on strike against

activist and Democratic Party operative Heather Booth and George Goehl, executive director of Chicago-based National People’s Action, openly discussed how to undermine the American Dream at the “America’s Future Now!” conference last summer in Washington, D.C.

“The banking crisis is the next big thing,” said Goehl. “The banking crisis is the way to build a big economic justice movement in this country.”

The crisis presents “a once in a lifetime opportunity as progressives to engage millions of Americans in a big conversation around serious economic restructuring,” he said, “not around eking out some victories around the margins, not about making life a little less worse for people, but about big time transformative change.”

“People are ready to move to the streets, some because they’re angry, some because they want justice right now, and some because they’re tired of hearing about the tea party coming out.”

Booth, executive director of Americans for Financial Reform, the lobby group that pressed for passage of the Dodd-Frank financial reform legislation, said an economy-killing “financial speculation tax” was just what was needed to discourage Americans from participating in markets. “A big battle still needs to be waged to curb the incentive for speculation and to get our money back to fund jobs and health care, climate and more,” said Booth, whose husband Paul Booth, a 1960s era leader of Students for a Democratic Society, is now a senior advisor to AFSCME president Gerald McEntee.

From Janitors to Wall Street

The Huffington Post website provides a biography of Lerner revealing that he mobilized “SEIU members and other community groups across the country into action to break the decades-long stranglehold Wall Street and big banks have had on our economy and democracy.”

Lerner is on paid leave from SEIU. In his Pace University remarks Lerner reluctantly admitted “unions are almost dead.” (Union members currently make up only 6.9 percent of the private workforce and 11.9 percent overall, down from roughly a third of all workers half a century ago.) Nevertheless he argued that the time was ripe to start “to destabilize the folks that are in power and start to rebuild a movement.”

Some would say his plan to have homeowners strategically default on their mortgages to push banks to the edge of insolvency is fantasy. Lerner called for “homeowners in mass to do a mortgage strike” because “it would literally cause a new financial crisis for the banks—not for us. We would be doing quite well; we wouldn’t be paying anything...”

In March Lerner proposed that the campaign begin during the first week in May in New

York. However, as of this writing no such action has occurred. Lerner reiterated his strategy and did not shy away from it in his *In These Times* article. He wrote, “Creating massive insecurity for Wall Street, corporations and the super-rich is a precondition for fixing the economy and country. There can be no new ‘social contract,’ no ‘new New Deal,’ no comprehensive legislation that



Civil unrest is cool, according to George Goehl of National People’s Action. “The banking crisis is the next big thing,” said Goehl. “The banking crisis is the way to build a big economic justice movement in this country.”

allows workers to organize and no limits to corporate power as long as corporate CEOs feel insulated from the suffering they cause.”

Love-Hate Relationship

Clearly, the Left has a love-hate relationship with capital. Wealth is a target for big labor and politicians eager to demonize “corporate fat cats.” Leftist groups fill the air with class warfare rhetoric when they need to recruit activists and attack conservative candidates at election time. AFL-CIO president Richard Trumka has entitled one of his editorials “I’m Marching Today to Make Wall Street Pay.”

But the Left also loves the institutions that control wealth, particularly when they can be pressured or captured to do its bidding. Unions like SEIU also have a love-hate relationship with modern financial institutions. They love them when they can use them. They hate them when they need a public enemy.

Big labor and left-wing advocacy groups can be surprisingly savvy about using the mechanisms of the market. Shareholder activists and activist investment managers have learned how to use stock ownership in publicly traded companies in what might be called “politically targeted investing.” The individual shareholder activist seldom wins a proxy vote to change corporate management policies regarding pay or corporate spending. But activists know that if they can generate enough bad publicity they can perhaps pressure the company to placate them. The managers of “socially responsible” investment funds enjoy an even greater advantage because they control massive stock portfolios. They are more likely to mobilize proxy resolutions over issues ranging from environmental practices to corporate disclosure of political contributions.

Activists can also achieve their social goals by outright ownership (as, for instance, when the Nature Conservancy buys land to prevent its economic development) or by making investments (as when a labor union pension fund channels its retirees’ money to register the union’s opposition to a particular public policy). When pension funds engage in such politically targeted investing they are risking other people’s money for the sake of the union fund manager’s political and social beliefs.

The use of pension funds for this type of investing is forbidden by the Department of Labor (DOL). Unfortunately, DOL under President Obama’s Secretary of Labor, Hilda Solis, is not enforcing these protections. A March 31, 2011 audit by DOL’s own Office of Inspector General determined that the department “does not have adequate assurances that fiduciaries or third parties voted proxies solely for the economic benefit of plans.”

Boycotts, Marches, and Protests

Over the last few years left-wing activists and labor unions have targeted banks and private equity, and buyout firms with increasing ferocity. Their tactics are designed to intimidate. The unions’ goal is to disrupt

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the operations and force the capitulation of these firms.

For instance, last March 80 members of SEIU stormed a branch of the ESSA Bank in Stroudsburg, Pennsylvania. The unions' protest was aimed at ESSA bank president Gary Olson. The protesters chanted, disrupted business and refused to leave until police were called.

The union's problem was not with the bank. It had a labor dispute with a local hospital where Olson is a board member. The crux of the matter is that the hospital wanted to keep an open shop (i.e. a workplace that allows workers to voluntarily join a union but does not force them to join) while SEIU was striking for a closed shop (i.e. a workplace that forces its workers to join a union and pay compulsory dues because it has reached an agreement with the union). As SEIU demonstrators were escorted out of the bank by security personnel, they chanted, "We'll be back" to indicate that the bank could expect continuing disruptions.

That same month the United Auto Workers (UAW) shut down a Bank of America branch in Detroit, Michigan. UAW president Bob King led the 100 protesters who temporarily shut down the branch for about a half-hour. Touting banners that read, "This is What Democracy Looks Like," King accused the bank of not paying taxes in 2009 while it overpaid its executives. He also said bank executives opposed legislation favored by the union such as credit card reform and the Foreclosure Prevention Act.

King rallied the protesters: "In 2009 Bank of America made 4.4 billion dollars... Can you guess what they paid in taxes? Not a nickel ... Banks get bailed out, people get sold out." B of A spokeswoman Diane Wagner responded to the *Detroit Free Press* saying that the bank had paid over \$40 billion in taxes from 2000 to 2009.

News reports indicate the bank suffered a net loss in 2009, and therefore would not be subject to taxes. Wagner added that the bank paid back to the U.S. Treasury \$45 billion it received in bailout funds beginning with the 2008 TARP program.

Big labor has also made a point of organizing protests outside the private homes of company executives. SEIU and others mounted a prolonged campaign against the private equity firm Kohlberg Kravis Roberts & Co. (KKR) in 2008. The union protested outside Henry Kravis's Long Island home. Its justification for disturbing Kravis's peace was its contention that he did not pay enough in taxes.

Protesters also crashed a conference at the Waldorf Astoria attended by Carlyle Group co-founder David Rubenstein. Here again their aim was to shame Rubenstein over his taxes. Protesters held a sign reading "Why does he pay taxes at a lower rate than the hotel's doorman?" An SEIU website called "Behind the Buyouts" criticized profits at buyout firms.

Perhaps the worst union ambush of a private residence was SEIU's protest against Greg Baer, Bank of America's deputy general counsel for corporate law. In May 2010 14 busloads of protesters armed with bullhorns and signs showed up at Baer's doorstep. He was not home, but his teenage son Jack was home alone. Justifiably scared, Jack locked himself in a bathroom. When a concerned neighbor who happened to be *Fortune* magazine writer Nina Easton visited, Jack pleaded "When are they going to leave?"

Conclusion

SEIU said it is demonstrating against the impact of international finance, but its immediate goal is to buttress union economics. Unions need new members to survive and so they must coerce banks into helping them compel workers to join the union. SEIU's goal

is not to change policy but to organize Bank of America's tellers and call centers.

Similarly, the Carlyle Group maintains that SEIU's campaigns are intended to organize 60,000 workers at Manor Care, the Ohio-based nursing home corporation it acquired. Carlyle spokesman Chris Ullman told the *Washington Post* that the company had "productive relations with unions for 20 years." He said the reason for the protest was "SEIU's frustration over its inability to organize Manor Care."

Ironically, SEIU owes \$4 million plus interest to Bank of America. And a major SEIU affiliate, SEIU Local 1199, has given Carlyle \$15 million to manage its pension fund.

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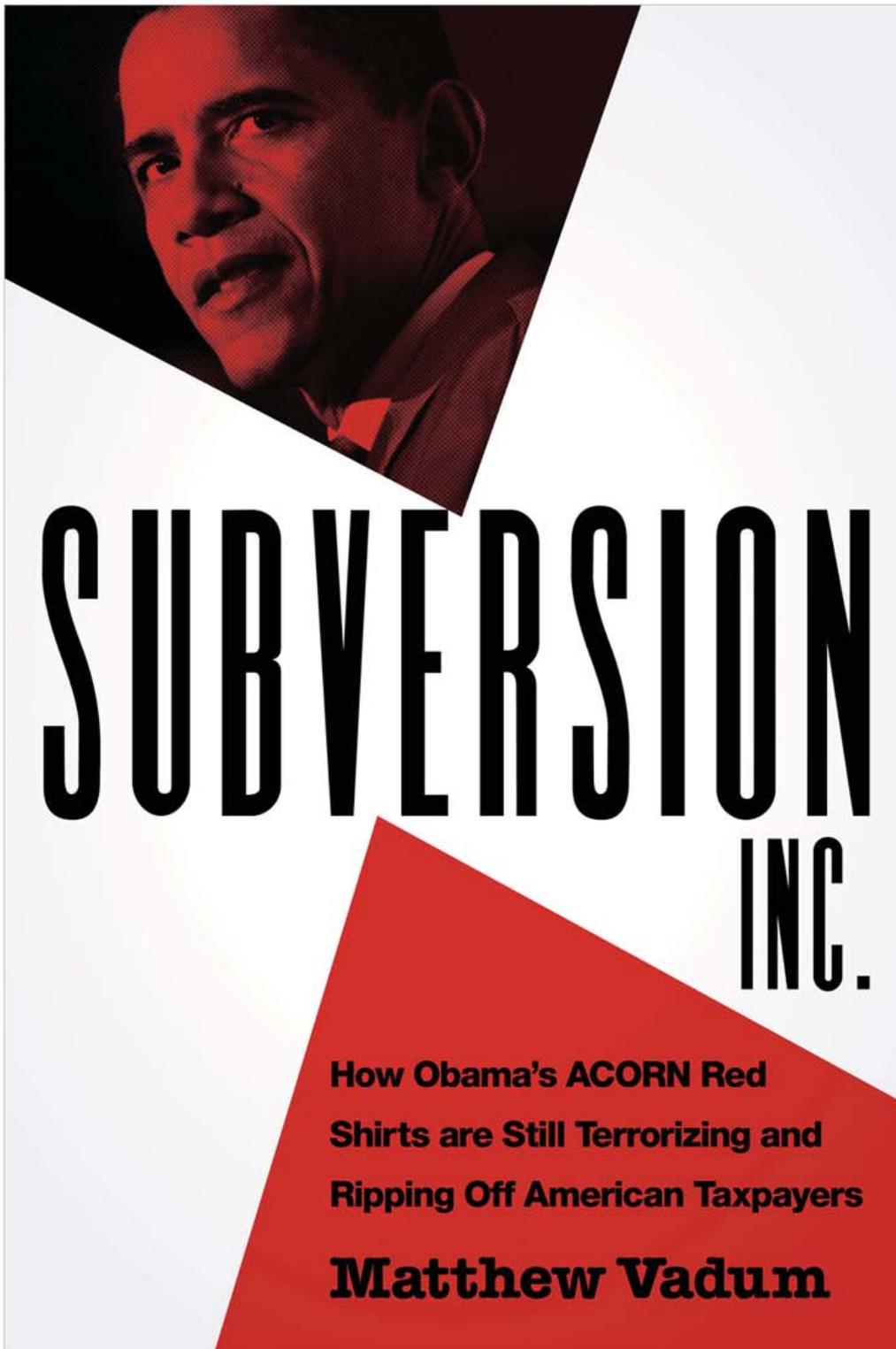
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The U.S. House of Representatives voted 231-188 to block funding to any remaining **ACORN** affiliates and to “new” ACORN groups that have sprung up over the last year. Said Congressman **Steve King** (R-Iowa), who offered the legislation, “ACORN is a corrupt criminal enterprise that threatens our democratic system of government by systematically committing voter registration fraud ... American taxpayers should not be asked to fund an organization that is dedicated to corrupting the sanctity of every American’s vote.” The ACORN network of 370-plus organizations is restructuring itself. The lead corporate entity, ACORN Inc., filed Chapter 7 bankruptcy, but the state chapters and other branches of the infamous activist network continue to operate.

George Soros’s minions at **Media Matters for America** have formed a new group dedicated to catching Republican politicians at their worst, the Politico reports. “We will definitely have the biggest research and tracking shop in politics,” says Chris Harris, a spokesman for **American Bridge 21st Century**, an independent expenditure group created by Media Matters boss **David Brock**. American Bridge sends video “trackers” to record GOP candidates’ speeches in the hope of catching a verbal flub that can be used come election time. The effort is being led by **Rodell Mollineau** who until recently ran the Democratic communications “war room” in the U.S. Senate.

Daniel Hannan, the British politician who gained international recognition for his passionate denunciation of Keynesian economics, visited the **Heritage Foundation** in the nation’s capital. His new book, *The New Road to Serfdom: A Letter of Warning to America* (Harper), warns America not to follow in Europe’s socialist footsteps. “The policies being pursued by this administration all trend in that direction—European healthcare, European social security, European defense, European green taxes—but these things are reversible,” Hannan said. Lauding the Tea Party movement, he added, “And from what I can tell looking at this country, you are doing something about it.”

Even though Gov. **Mitch Daniels** recently barred state funding of the organization in Indiana, the **Planned Parenthood Federation of America** showed a 500 percent increase in online donations. The spike probably happened because the group has been in the crosshairs of Congress in recent weeks. The donations are reportedly mostly small, one-time contributions. But groups like the **National Right to Life Committee** also show similar increases in donations.

In a move that could affect 2012 election fund raising, the **IRS** has quietly started enforcing an obscure provision of the tax code that requires that donors pay the gift tax on donations to some non-profit advocacy organizations, the *Chronicle of Philanthropy* reports. Tax lawyers report that donors who gave above \$13,000 in a year to 501(c)(4) lobbying groups have been getting audit letters from the tax agency requesting information from as far back as 2008. The gift tax is supposed to discourage Americans from transferring large sums tax-free. Sens. **Orrin Hatch** (R-Utah) and **Jon Kyl** (R-Arizona) have cried foul and are demanding an explanation from the IRS.

Bringing the total to 69, 10 more of America’s richest families have endorsed the Giving Pledge, an effort led by **Warren Buffett** and **Bill and Melinda Gates** to encourage billionaires to give away more of their money, the *Chronicle of Philanthropy* reports. The Giving Pledge commits signers to donate at least 50 percent of their fortunes. About one-sixth of America’s billionaires have signed on to the campaign. New signers include **Vinod Khosla** of **Sun Microsystems**, and his wife, **Neeru**; oil heiress **Lynn Schusterman**; real estate moguls **Joyce** and **Bill Cummings**; and hair care entrepreneur **John Paul DeJoria**.