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NEWS CLIPS

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BNSF budgets $247 million for North Dakota infrastructure upgrades, Sen. Heitkamp says

BNSF Railway Co. has committed to investing a record $247 million in infrastructure improvements in North Dakota, U.S. Sen. Heidi Heitkamp (D-N.D.) announced late last week.

The commitment follows the senator's repeated calls to BNSF to address concerns regarding rail safety, agriculture shipment delays and Amtrak service disruptions in the state, Heitkamp said in a press release. The targeted capital investments are part of the railroad's system-wide infrastructure plan and will help expand capacity in North Dakota to alleviate congestion, BNSF officials said.

The railroad plans to spend:
• $162 million to double track its line from Minot, N.D., to Glasgow, Mont., to help address major congestion issues for westbound traffic to Pacific Northwest destinations;
• $26 million to add sidings to address congestion from Fargo to Grand Forks, N.D., in the Hillsboro subdivision;
• $14 million to add sidings to address congestion from Bismarck, N.D., to Glendive, Mont., in the Dickinson subdivision;
• $13 million to add sidings to address congestion from Minot to Grand Forks in the Devils Lake subdivision;
• $13 million to add sidings and an interchange track to address congestion from Canada into the United States through the Port of Pembina in the Noyes subdivision;
• $11 million to install Centralized Traffic Control to improve service from Bismarck to Fargo in the Jamestown subdivision; and
• $8 million to add sidings and conduct signal work along track from Fargo to Minot in the KO subdivision.

The $247 million is part of BNSF's record-setting $5 billion capital spending budget for 2014.

"Our investments of capital in expansion and maintenance in North Dakota will be a critical part of efficiently, and safely, facilitating the growth from the state, in particular, crude and agriculture, and growth elsewhere on the network," said BNSF President and Chief Executive Officer Carl Ice.

U.S. freight roads budget $26 billion for infrastructure improvements in 2014, AAR says

U.S. freight railroads this year plan to collectively spend a record $26 billion to build, maintain and upgrade infrastructure, according to the Association of American Railroads (AAR).

The railroads have invested about $550 billion in their rail networks since 1980, including $115 billion in the past five years. The work has included upgrades to bridges and tunnels, and new tracks and facilities.

"This year's projected record investments continue a decades-long trend of private railroad dollars that sustain America's freight-rail network," said AAR President and Chief Executive Officer Ed Hamberger in a press release. "The result is a rail network that is the envy of the world, serving both freight and passenger railroads, and this massive private financial commitment is a demonstration of the industry's resolve to never stop improving."

With strong infrastructure, railroads in recent years have been able to successfully meet increased intermodal demand and serve a booming domestic energy market and other growing traffic sectors, he

said.

"Railroads are working to deliver a safe, modern and efficient rail network that can reliably serve our customers and communities … [and create] jobs for more American workers," said Hamberger.

U.S. freight railroads also expect to hire more than 12,000 people in 2014, up from a projected 11,000 new hires in 2013, AAR data shows.

"Freight rail is a great industry for a potentially life-long career," said Hamberger.

Report: New York State union membership grows 8% from 2012 to 2013

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By JAMES T. MADORE james.madore@newsday.com

Unions in New York State added 145,000 members last year, the first increase since 2007, new federal data show.

The U.S. Bureau of Labor Statistics reported Thursday that the ranks of private-sector and government unions in the state totaled nearly 2 million in 2013, a gain of 8 percent from a year earlier.

However, union membership is still below its recent high of 2.1 million, which was recorded in 2005.

Asked for the reasons behind organized labor's growth, bureau officials speculated that workers may feel more comfortable joining a union because of improvements in the job market.

The state AFL-CIO, an umbrella group of unions, also wasn't sure what had caused the membership rise, although it was pleased to see a reversal of years of declines.

"The increase in New York's union membership is encouraging, not just for the labor movement, but for all who want a stronger middle class in our state," said state AFL-CIO president Mario Cilento. "History has shown higher rates of union membership lead to better wages, benefits and conditions of employment for all workers."

New York remains the most unionized state in the country. More than 24 percent of all hourly and salaried workers here are union members, compared with 11.3 percent nationwide.

The percentage of union members in the workforce in New York increased, year over year, more than 1 percentage point in 2013.

Bureau officials said New York State has had the highest rate of unionization for 17 of the past 19 years. Organized labor also is strong in Alaska and Hawaii.

The lowest rate of unionization was in North Carolina and Arkansas, respectively.

The bureau also reported Thursday that 118,000 New Yorkers who are not union members are covered by unions in the workplace.

Obama: If You 'Work More, You Should Get Paid More'

BY EDITOR

President Obama signs a memorandum for overtime protections for workers, at the White House on Thursday.
Credit Mark Wilson / Getty Images

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Flanked by a cadre of salaried workers, President Obama signed a memo directing his labor secretary to rewrite the rules governing overtime in the country.

"Americans have spent too much time working more and making less," Obama said during comments preceding the signing ceremony.

Obama's proposal would rewrite a commonly used exemption in which a salaried worker designated as "executive, administrative and professional" is denied overtime if he or she is making more than $455 a week.

NPR's Marilyn Geewax reported earlier today:

"As a result, a 'supervisor' could earn as little as $24,000 a year, while working well beyond 40 hours. In some cases, such a worker might put in enough hours to end up getting paid — in effect — less than the minimum wage.

"The administration points out that the $455 level set in 2004 would be worth $553 today, after adjusting for inflation.

"Supporters say an update of that $455 pay level and a rewrite of the exemption rules could have a fairly large stimulative effect by giving workers more money to spend."

During his remarks at the White House on Thursday, Obama did not make the economic case. Instead, he said the rules as they are written are "not fair."

"If you have to work more, you should get paid more," Obama said.

He said Labor Secretary Tom Perez will consult with employers and employees to rewrite the overtime rules.

As Mark reported on Wednesday, "critics, including many who represent business groups, say such an action would increase businesses' costs and discourage them from adding workers."

The “Paid-What-You’re-Worth” Myth

By Robert Reich
Thursday, March 13, 2014

It’s often assumed that people are paid what they’re worth. According to this logic, minimum wage workers aren’t worth more than the $7.25 an hour they now receive. If they were worth more, they’d earn more. Any attempt to force employers to pay them more will only kill jobs.

According to this same logic, CEOs of big companies are worth their giant compensation packages, now averaging 300 times pay of the typical American worker. They must be worth it or they wouldn’t be paid this much. Any attempt to limit their pay is fruitless because their pay will only take some other form.

"Paid-what-you’re-worth" is a dangerous myth.

Fifty years ago, when General Motors was the largest employer in America, the typical GM worker got paid $35 an hour in today’s dollars. Today, America’s largest employer is Walmart, and the typical Walmart workers earns $8.80 an hour.

Does this mean the typical GM employee a half-century ago was worth four times what today’s typical Walmart employee is worth? Not at all. Yes, that GM worker helped produce cars rather than retail sales. But he wasn’t much better educated or even that much more productive. He often hadn’t graduated from high school. And he worked on a slow-moving assembly line. Today’s Walmart worker is surrounded by digital gadgets — mobile inventory controls, instant checkout devices, retail search engines — making him or her quite productive.

The real difference is the GM worker a half-century ago had a strong union behind him that summoned the collective bargaining power of all autoworkers to get a substantial share of company revenues for its members. And because more than a third of workers across America belonged to a labor union, the bargains those unions struck with employers raised the wages and benefits of non-unionized workers as well. Non-union firms knew they'd be unionized if they didn't come close to matching the union contracts.

Today's Walmart workers don't have a union to negotiate a better deal. They're on their own. And because fewer than 7 percent of today's private-sector workers are unionized, non-union employers across America don't have to match union contracts. This puts unionized firms at a competitive disadvantage. The result has been a race to the bottom.

By the same token, today's CEOs don't rake in 300 times the pay of average workers because they're "worth" it. They get these humongous pay packages because they appoint the compensation committees on their boards that decide executive pay. Or their boards don't want to be seen by investors as having hired a "second-string" CEO who's paid less than the CEOs of their major competitors. Either way, the result has been a race to the top.

If you still believe people are paid what they're worth, take a look at Wall Street bonuses. Last year's average bonus was up 15 percent over the year before, to more than $164,000. It was the largest average Wall Street bonus since the 2008 financial crisis and the third highest on record, according to New York's state comptroller. Remember, we're talking bonuses, above and beyond salaries.

All told, the Street paid out a whopping $26.7 billion in bonuses last year.

Are Wall Street bankers really worth it? Not if you figure in the hidden subsidy flowing to the big Wall Street banks that ever since the bailout of 2008 have been considered too big to fail.

People who park their savings in these banks accept a lower interest rate on deposits or loans than they require from America's smaller banks. That's because smaller banks are riskier places to park money. Unlike the big banks, the smaller ones won't be bailed out if they get into trouble.

This hidden subsidy gives Wall Street banks a competitive advantage over the smaller banks, which means Wall Street makes more money. And as their profits grow, the big banks keep getting bigger.

How large is this hidden subsidy? Two researchers, Kenichi Ueda of the International Monetary Fund and Beatrice Weder di Mauro of the University of Mainz, have calculated it's about eight tenths of a percentage point.

This may not sound like much but multiply it by the total amount of money parked in the ten biggest Wall Street banks and you get a huge amount — roughly $83 billion a year.

Recall that the Street paid out $26.7 billion in bonuses last year. You don't have to be a rocket scientist or even a Wall Street banker to see that the hidden subsidy the Wall Street banks enjoy because they're too big to fail is about three times what Wall Street paid out in bonuses.

Without the subsidy, no bonus pool.

By the way, the lion's share of that subsidy ($64 billion a year) goes to the top five banks — JPMorgan, Bank of America, Citigroup, Wells Fargo. and Goldman Sachs. This amount just about equals these banks' typical annual profits. In other words, take away the subsidy and not only does the bonus pool disappear, but so do all the profits.

The reason Wall Street bankers got fat paychecks plus a total of $26.7 billion in bonuses last year wasn't because they worked so much harder or were so much more clever or insightful than most other Americans. They cleaned up because they happen to work in institutions — big Wall Street banks — that hold a privileged place in the American political economy.

And why, exactly, do these institutions continue to have such privileges? Why hasn't Congress used the antitrust laws to cut them down to size so they're not too big to fail, or at least taxed away their hidden subsidy (which, after all, results from their taxpayer-financed bailout)?

Perhaps it's because Wall Street also accounts for a large proportion of campaign donations to major candidates for Congress and the presidency of both parties.

America's low-wage workers don't have privileged positions. They work very hard — many holding down two or more jobs. But they can't afford to make major campaign contributions and they have no political clout.

According to the Institute for Policy Studies, the $26.7 billion of bonuses Wall Street banks paid out last year would be enough to more than double the pay of every one of America's 1,085,000 full-time minimum wage workers.

The remainder of the $83 billion of hidden subsidy going to those same banks would almost be enough to double what the government now provides low-wage workers in the form of wage subsidies under the Earned Income Tax Credit.

But I don't expect Congress to make these sorts of adjustments any time soon.

The "paid-what-your-worth" argument is fundamentally misleading because it ignores power, overlooks institutions, and disregards politics. As such, it lures the unsuspecting into thinking nothing whatever should be done to change what people are paid, because nothing can be done.

Don't buy it.