



marketplace of ideas

featuring

ANDY STERN

President, Service Employees International Union

On strengthening the labor movement.

MARCH 14, 2005
THE HARVARD CLUB
NEW YORK CITY

**DRUM
MAJOR**
INSTITUTE FOR PUBLIC
POLICY

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THE DRUM MAJOR INSTITUTE FOR PUBLIC POLICY **MARKETPLACE OF IDEAS SERIES**

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ABOUT DMI'S "MARKETPLACE OF IDEAS" SERIES

Never content just to argue theory, the Drum Major Institute provides a platform for policymakers who have successfully worked for social and economic fairness in our public institutions. For far too long the conservative right has defined the limits of what is "possible" in society and politics. The "Marketplace of Ideas" shows that we can transcend these artificial boundaries: it is possible to be progressive, practical, and effective. Since its inception we've heard from Paul Krugman, economist and New York Times Op-Ed columnist; Howard Dean, former Governor of Vermont; Eliot Spitzer, Attorney General of New York State; and Steven Bingle, former advisory to the United States Secretary of Education.

SPEAKERS

Andrew L. Stern

President, Service Employees International Union

Dr. Peter Kwong

Professor of Sociology, Graduate Center of the City University of New York

Hon. H. Carl McCall

Principal, Convent Capital, LLC

Hon. Eric T. Schneiderman

New York State Senate

Andrea Batista Schlesinger

Executive Director, Drum Major Institute for Public Policy

Katrina vanden Heuvel

Editor, The Nation

ANDREW L. STERN

Andrew L. Stern is the President of the Service Employees International Union. Dubbing SEIU's president "a progressive and practical labor leader," The Wall Street Journal also described Stern as one of a "new breed of labor leaders determined to energize the movement." Since his election to lead SEIU in April 1996, nearly 800,000 workers have united with SEIU, and with 1.8 million members, it has become the largest and fastest-growing union in the AFL-CIO. Stern began his union career in 1973 as a state social service worker and rank-and-file member of SEIU Local 668. He rose through the ranks to become the first elected full-time president of the local, and by 1980 was named at age 29 to the SEIU International Executive Board. Tapped by John Sweeney in 1984 to oversee SEIU's organizing and field services programs, he won a hotly contested race in 1996 to succeed Sweeney as SEIU President. Today, SEIU represents more immigrant workers than any other union and has been a driving force behind the AFL-CIO's decision to support legalization for hard-working, tax-paying immigrants. In a dramatic departure from past practice in the labor movement, SEIU now spends half its annual budget to help more workers unite in the union and gain a voice on the job.

DR. PETER KWONG

Dr. Peter Kwong is a professor of sociology at the City University of New York. Kwong received his Ph.D. in comparative politics at Columbia University. His research focuses on the intersection of immigration, labor and racial issues. Kwong is known for his work on Asian American and especially Chinese American labor concerns. He and his wife (Dusanka Miscevic) have just completed the writing of *Chinese America: A History in the Making* to be published in September 2005. Kwong's previous books include *Chinese Americans: An Immigrant Experience*, *Forbidden Workers: Chinese Illegal Immigrants and American Labor*, *The New Chinatown*, and *Chinatown, New York: Labor and Politics 1930—1950*. Kwong is a regular contributor to *The Nation* and *The Village Voice*, is a member of the Board of Directors of several organizations: Downtown Community TV; International Center for Migration, Ethnicity and Citizenship; and *The New Press*; and a member of the Board of Trustees of New York Foundation. In 2000, Kwong was named by *A. Magazine* as a member of its "A. 100"—the 100 most influential Asian Americans of the past decade.

HON. H. CARL McCALL

H. Carl McCall served as Comptroller of the State of New York from 1993 until November 2002, when he became the Democratic nominee for Governor of the State of New York. Prior to his position as Comptroller, Mr. McCall was a Vice President of Citicorp for eight years. He has also served as President of the New York City Board of Education, a U.S. ambassador to the United Nations, Commissioner of the Port Authority of New York and New Jersey, Commissioner of the New York State Division of Human Rights and was elected to three terms as New York State Senator. Mr. McCall received a Bachelor's degree from Dartmouth College and a Master's of divinity degree from Andover-Newton Theological School. Mr. McCall serves as a director of New Plan, a real estate investment corporation and Standard Commercial Corporation, one of the world's largest leaf tobacco dealers. Mr. McCall has served as a principal of Convent Capital, LLC, a financial advisory firm, since April 2004.

HON. ERIC T. SCHNEIDERMAN

Eric T. Schneiderman, a native New Yorker, was first elected to the New York State Senate from the 31st District in November 1998. In 2003, after only two terms in office, he was appointed by David A. Paterson as Deputy Minority Leader. As Deputy, he leads the debate on the Senate floor on behalf of the Minority conference. Senator Schneiderman's commitment to progressive public policy is grounded in over 30 years of community involvement and activism. He served as lead counsel for the New York Urban League and the Straphangers Campaign in litigation against the MTA to stop a proposed fare increase in public transportation. As a principal legal advisor to Clean Elections New York, Senator Schneiderman was one of the authors of a model bill in 1998 to fundamentally reform both the New York State and New York City systems of financing political campaigns. During his first term as Senator, Eric Schneiderman was an

instrumental leader in successful campaigns to pass New York’s first pro-choice legislation in decades—the Clinic Access bill—as well as a Hate Crimes law, and a historic package of gun control legislation. Each of these bills had been blocked in the state senate for years.

ANDREA BATISTA SCHLESINGER

Since 2002, Andrea Batista Schlesinger has led the effort to turn the Drum Major Institute, originally founded by an advisor to Rev. Dr. Martin Luther King, Jr. during the civil rights movement, into a progressive policy institute with national impact. Under Andrea’s leadership as Executive Director, DMI has released several important policy papers to national audiences including: *Middle Class 2003: How Congress Voted*, *People and Politics in America’s Big Cities*, and *From Governance to Accountability: Building Relationships that Make Schools Work*. Andrea studied public policy at the University of Chicago, and since then has worked in various capacities to promote educational equity and youth empowerment. She directed a national campaign to engage college students in the discussion on the future of Social Security for the Pew Charitable Trusts, and served as Director of Public Relations of Teach For America before working as the education advisor to Bronx Borough President and mayoral candidate Fernando Ferrer. Andrea has been profiled in the *New York Times*, *New Yorker* magazine, and in “Hear us Now,” an award-winning documentary about her tenure as the student member of the New York City Board of Education. She has been published in *Alternet.org*, *New York Newsday*, *New York Sun*, and *City Limits* magazine.

KATRINA VANDEN HEUVEL

Katrina vanden Heuvel has been *The Nation’s* editor since 1995. She is the co-editor of *Taking Back America—And Taking Down The Radical Right* (NationBooks, 2004), *The Nation: 1865-1990*, and the collection *A Just Response: The Nation on Terrorism, Democracy and September 11, 2001*. She is a frequent commentator on American and international politics on MSNBC, CNN and PBS. Her articles have appeared in *The Washington Post*, *The Los Angeles Times*, *The New York Times* and *The Boston Globe*. Her weblog for *thenation.com* is “Editor’s Cut.” She has received awards for public service from numerous groups, including *The Liberty Hill Foundation*, *The Correctional Association* and *The Association for American-Russian Women*. In 2003, she received the *New York Civil Liberties Union’s* Callaway Prize for the Defense of the Right of Privacy. She is also the recipient of *The American-Arab Anti-discrimination Committee’s* 2003 “Voices of Peace” award. Vanden Heuvel is a member of *The Council on Foreign Relations*, and she also serves on the board of *The Institute for Women’s Policy Research*, *The Institute for Policy Studies*, *The World Policy Institute*, *The Correctional Association of New York* and *The Franklin and Eleanor Roosevelt Institute*. She is a *summa cum laude* graduate of Princeton University.

TRANSCRIPT

The transcript from this event has been edited for length and readability.

HON. H. CARL McCALL: My name is Carl McCall, and it's my pleasure to welcome all of you here this morning.

There are a lot of people here, Victor Gotbaum, that I should introduce. I'm not going to introduce all of them, but there's at least one public official here, Robert Jackson, from the New York City Council. Robert, it's nice to have you here.

Another public official, a fellow named Freddy Ferrer, who used to be a public official and apparently still has that desire, is here.

A lot of labor leaders are here, but of course we should recognize the person who represents Andy Stern so well, Dennis Rivera, the president of 1199. Eric, you get introduced later, so I'm not overlooking you.

I am very pleased to be one of the newest members of the Drum Major Institute's Advisory Board and I'm welcoming you here this morning in that capacity.

Of course, we are honored today to welcome Andy Stern, the president of the Service Employees International Union. He is the latest guest in the Drum Major Institute's Marketplace of Ideas series.

Andy has a few fans. I happen to be one of them. But let's listen to what some others have said about him:

"I have seen the future of progressive leadership in America, and its name is Andy Stern. Like all transformational leaders, Stern knows that the real battle begins not with your enemies, but with those on your side of the fence," writes Ariana Huffington.

"Andy Stern is not shy about speaking his mind," writes David Moberg of The Nation. "For several years the energetic 54 year old president of the 1.8 million strong Service Employees International Union, the nation's second largest and fastest growing union, has argued in bold—and that's one of his favorite words—and often provocative way, that the labor movement must organize new members faster or die."

"While the old line industrial unions have been shrinking every year, Stern's union has been organizing low wage workers, many of whom have never belonged to a union, to the point where the SEIU is now the largest and fastest growing trade union in North America." Matt Bai, of the New York Times Magazine, writes.

We're honored to hear from Andy this morning about the role of labor in advancing a progressive agenda during these troubled times.

The Drum Major Institute calls this series the Marketplace of Ideas for a reason: it's a marketplace out there, and progressives need to provide more competition. We need to compete by offering our vision of how the world should be, and by highlighting those who are out there creating that brave new world.

You see, for too long the conservative right has defined the limits of what is possible in our society and in politics. It's not possible to create near universal health care? Well, our guest Howard Dean disagreed. It's not possible to pursue corporate malfeasance? Elliot Spitzer disagreed with that too. 'The labor movement is dead,' they say. Well, Andy Stern disagrees.

The labor movement has been critical to creating the American Dream as we know it. In pronouncing the labor movement dead, the conservative right wing of America also pronounces dead an American Dream.

Dr. King's words inspired the creation of the Drum Major Foundation, and he understood well the connection between the labor movement and the fight for civil rights for all Americans. In fact, he said to Mr. Stern's union, and its New York local 1199 in March 1968 that whenever you are engaged in work that serves humanity, and is for the building of humanity, it has dignity and it has worth. In fact, Dr. King used to refer to 1199 as his home away from home.

We're going to hear from Andy Stern, not only on his vision for the labor movement, but we also will hear from him on how he has been so successful. And then we will hear from a distinguished panel, responding not only to the thoughts from Andy Stern, but how his national work has impact right here in our city and state. So I want to thank you for joining us, and it's my pleasure to introduce to you our brother, Andy Stern.

ANDY STERN: Good morning. I start with a very simple premise that progressives in this country, who have spent their life trying to change America with a vision of more economic and social justice, are losing...

I actually don't have a new idea, I have an old idea that I want to talk about today. It's about whether or not America will value and reward work as we move forward into the twenty-first century. It's an old idea because here in New York it's where the idea was best practiced.

The families of many people in this room—grandparents, parents, great-grandparents—came through Ellis Island, came to this country believing that if they worked hard they'd see their work valued and rewarded. Generation after generation of Americans actually experienced that dream.

This generation will be the first generation that doesn't see themselves doing better than their parents and grandparents. The American Dream as we know it

is slipping away. Yet no one seems to be talking about how we can value and reward work again in America...

I look at the labor movement in very economic terms. You can look at it in social terms, moral terms; I look at it in economic terms.

The labor movement has been the only anti-poverty program that's worked, that hasn't cost the government a dime. Labor unions play a force in the economic role of society of distributing wealth. In its absence, we more and more turn to government to solve the problems that unions did...

Now, what's happened to unions?

Well, around the world—this is not just a U.S. phenomenon—the labor movement is losing strength. In almost every single industrialized nation in the world the labor movement is losing strength.

Forces of globalization are certainly responsible for changing the economic mix. But the labor movement became very male, very pale and very stale, and never was able to really respond to some of the changes that occurred in our economy. So, yes, there are forces beyond our control. But I want to talk about the forces within our control that the labor movement needs to respond to...

What people need to appreciate is that the American labor movement is not organized labor, it's disorganized labor. We're not very united to win. We sort of all travel like Democrats under one banner. But I can't say that's unity as opposed to identification. We're a loose trade association. Everybody's free to divide workers by organized industries where they're not a lead union. We have mine workers organizing nursing home workers. We have steel workers organizing hotel unions. It makes about as much sense as anything else we do in this country...

So far, I'd say, there's a good discussion going, and the change forces are growing stronger. But the question to me is, how are we going to reward work in America? It's been the greatest value I think we've had. And why no political party has really captured it as the base of their agenda, I don't know.

To me, the Democratic Party has lost its voice and its moral center about speaking for people who go to work every day. There are a whole series of other issues that concern me in America today: Are we so wedded to the past we lack the ability to challenge our own conventional wisdom? Why aren't we outraged at failing urban schools, where they exist? Why do we support things like payroll taxes, as opposed to taxes on consumption? Do we have the courage to find new ideas, or do we simply criticize others, as we are doing in the Social Security debate?

There's a difference between losing and winning. Republicans are winners. They're confident, and we try to model what they do, except they're like one generation ahead of us so as we're catching up to where they were, they're in the next place.

It takes guts to win. You almost have to take a leap of faith to where you've never been and hope the world catches up with you... We don't have the courage, as a community, to take leaps of faith. We hold each other down.

Let me just end with my famous crab story, because I think it describes, sometimes, progressives, Democrats and the labor movement. A guy goes out crabbing, gets the first crab, throws it in the bucket, puts a top on it, puts three or four bricks on the top because this crab is fighting for its life to get out. He catches a second crab, then a third crab. By the time he catches the fourth crab he takes the top and the brick off the bucket and someone comes over and says, 'Well, God, these crabs are fighting so hard to get out when there was only one or two in there, and now you can take the top off. What happened?' He said, 'Well, what happens now is, as soon as someone gets near the top the other ones jump on their back and pull him back down, because they don't want him to be the one that escapes.'

I say, too often in our community, people with new ideas, which is why I admire the Drum Major Institute, get jumped on and pulled down before they ever get a chance to say anything. If we can't get our own voice and our own courage we will never win. And it wouldn't matter, except American workers and American values are losing every day as well.

ANDREA BATISTA SCHLESINGER: Thank you all for coming. The first member of the panel I'd like to introduce is Eric Schneiderman.

Senator Schneiderman is a native New Yorker, and he was first elected to the New York State Senate from the 31st District in November 1998. In 2003, after only two terms in office, he was appointed by David Patterson as Deputy Minority Leader...

Eric, in researching this panel, I found this interesting paradox: where union participation is going down across the country, union participation in New York is going up. In fact, New York is actually the most heavily unionized state in the country. How do you reconcile being the most heavily unionized state in the country along with the difficulties you've encountered as a member of the State Senate to advance progressive legislation? And to what extent do you think Andy's ideas are relevant to New York?

HON. ERIC SCHNEIDERMAN: I think that Andy's analysis of the labor movement is as valid in New York as it is anywhere else. You have to be careful about having a larger number of people involved in a dysfunctional, failing movement and claiming that as a victory. The fact of the matter is that the labor movement in New York State has the same problems as the labor movement everywhere else...

What I'm not hearing here is, 'what is the labor movement in New York standing for other than competition?' I see, in Albany, every day, union leaders playing the same role as corporate insiders, looking for a narrow piece of legislation to

benefit their members. But uniting people in a broader effort, for broader issues of social justice, is very difficult...

Collective bargaining doesn't resonate well for people. They don't think an anti-poverty program through those mechanisms is good, because while we've been winning some tactical battles, we've lost the battle of ideas. So I would ask you, let's talk some boldness in terms of ideas. Let's talk some boldness in terms of ideology. How do we combat this insidious ideology of the market when Donald Trump, Dick Cheney and other corporate executives are enshrined, respected, revered, and... and are now on the E channel as much as they're in the business pages?

ANDREA BATISTA SCHLESINGER: Obviously, the Drum Major Institute has an institutional interest in battling the right in the marketplace of ideas. So let me ask this question of Katrina after I introduce her.

Katrina vanden Heuvel has been editor of *The Nation* since 1995. She's co-editor of *Taking Back America* and *Taking Down the Radical Right*. So I think she might be interested in your questions as well, Eric...

Part of what Eric's asking, and I think part of what Andy's been doing in terms of SEIU's commitment to this larger progressive agenda, is contributing, for example, to progressive thought infrastructure that think tanks like ours contribute to. Andy's top aide just joined the board of Democracy Alliance, which is a network of wealthy liberal donors.

To what extent is that even labor's place? To what extent is labor's place to do more than advocate for itself, but actually to advance a progressive agenda?

KATRINA VANDEN HEUVEL: When I think about labor's role in the progressive movement, I think progressives are in deep trouble in this country...

First of all I wanted to thank Andy Stern and other members of the recently dissolved New Unity Partnership for forcing the first serious strategic debate in labor in more than a generation. I think that is crucial.

There are a lot of issues and differences with the tactics. But I would argue that massive political education of existing union membership is needed; a much more sophisticated political program that really does build to last and keeps strength in the field after, for example, presidential elections, particularly at the state and local level...

Independent polling shows that 40 million Americans would join a union if they had a chance. This is working America's fight, not just the labor movement's fight. How we build on that seems to me a core mission, not only for SEIU but for other labor unions.

ANDREA BATISTA SCHLESINGER: And finally, I'd like to introduce Dr. Peter Kwong, who's a professor of sociology at the Graduate Center of City University of New York.

Dr. Kwong received his Ph.D. in Comparative Politics at Columbia. His research focuses on the intersection of immigration, labor and racial issues. His previous books include *Chinese Americans: An Immigrant Experience*, *Forbidden Workers: Chinese Illegal Immigrants and American Labor*, *The New Chinatown*, and *Chinatown, New York: Labor and Politics 1930—1950*.

Peter, in New York City, there have been moments of tension between labor unions and grassroots community organizations. What do you think about Mr. Stern's vision, and how will it enable labor to act in coalition with the grassroots? Do you see those ideas being applied in New York?

DR. PETER KWONG: I appreciate being part of this discussion. I have been a long, persistent critic of the union, particularly in relationship to minorities—colored minorities as well as immigrants.

I remember when John Sweeney came into office there was extensive conversation. He was trying to engage with intellectuals and progressives. So it seems nothing very much has happened since. However, I must say, Andy, the kind of record SEIU has is really impressive. The number is impressive, the kind of union members you have recruited is very impressive, particularly in terms of immigrant groups. And I'm also very impressed with the boldness that you articulate some of these issues...

I think reorganization and consolidation of the union is quite, at least from my experience, obvious. But how is it that a union town like New York is still so divided? My own work and my active participation in some of the labor movements points to the question of democracy.

I think a lot of people are union members, but they don't feel they're participating. They don't feel they have been consulted. There is no structural channel... Without that kind of commitment, you cannot energize the membership. So that is one area I would like very much like to hear discussed...

There should be consolidation, but at the same time there ought to be a very clear discussion by the membership. That's how you could mobilize and energize your membership.

ANDREA BATISTA SCHLESINGER: Let's go back to some of the questions Eric was asking, and the differences between tactics and ideology. How do you respond to Eric's concern that this is an issue more of tactics than it is about advancing a coherent agenda for social and economic justice?

ANDY STERN: I guess I'm maybe a little simple minded on some of these issues. I start with the premise that most people get up every day and don't think about whether they're in a red state or a blue state, they think about how they're going to get their kid to school, and how they're going to get to jobs. It's probably the most unifying thing that we have. I start looking at the world from that premise.

I think there are a lot of things that can be done. One of them is building tactical institutions and one of them clearly is having leadership and ideology that means something... But I think we also need some core values.

The Republicans have core values about less government, deregulation. I don't even know what our core values are as the Democratic Party. I'd say work is one of them. Before they steal it away from us, we should get it back. Because that's what built the Democratic Party. It was not wealth, it was work....

I do think ideology is enormously important. There's a lot of work going on now to build a progressive infrastructure to model what the conservatives did after Barry Goldwater lost the election. We'll probably criticize everyone who does it because there are rich people involved who may not be pro-union. But they just happen to have this belief that we should build organizations like the Drum Major Institute.

All these institutes that Katrina's involved with should be big things and not small things. We'll all probably criticize them. But there are people spending 100 to 250 million dollars a year to try to build the same kind of infrastructure on the Democratic side as exists on the Republican side—youth training centers, campus groups, media groups, multi-issue think tanks, foreign policy agendas. I think with ACT and America Votes and Rock the Vote, we don't need the Democratic Party to have a grassroots infrastructure. But the problem is we don't know what we believe in once we build a grassroots infrastructure.

KATRINA VANDEN HEUVEL: It seems to me the values of work and labor need to be central. But there is a division in the Democratic Party...

One, do you see, for example, SEIU bankrolling initiatives around the country on public financing? Or electoral reform, like fusion, which we have in New York.

Two, you have badmouthed the Democratic Party's tendency to go back to FDR. But I think that the right has effectively also taken its ideas from going back 20, 30, 40 years. Read Roosevelt's Economic Bill of Rights, the anniversary of which is April 12th. Why badmouth that? Why say we need brand new ideas? Why not build on what we have as core values, moving it into a more modern future?

Finally, you say you're going to convene a kind of eclectic board of Democrats sometime this spring... Is that going to grapple with things like the privatization of Social Security? Or Wal-Mart?

ANDY STERN: I'd say, in all the work that I do, to me, the judge of whether our society works is that more people go to work every day...

Clearly Social Security is a pillar of that, but not enough. You know, George Bush has an interesting idea in his Social Security plan if you don't think about it as a substitute for Social Security, which is, he has figured out a way, somehow, that

everybody can contribute into their own personal account over their lifetime. Some might call it a 401K in today's modern world. And it can pay you an annuity when you retire instead of cashing it out...

My concern is that we sort of clutch on to the ideas of 1935 and try to maintain them without advancing. The biggest problem most people have is not just having Social Security. Defined benefit pension plans are disappearing too. So there's no guarantees when you retire...

I would just think that the Democratic Party would be the party that spoke out for ways workers can survive in the twenty-first century.

I think Wal-Mart is good in the sense that they have low prices. But there are real costs to the low prices, which are my problems. I'm not going to attack people who go to shop every day because they're looking for low prices. New Yorkers love a bargain. The problem is, there are real costs in countries overseas, there are real costs for the workers of this country, there are real costs for small businesses. And that's my issue.

It's not like we should destroy Wal-Mart because it's a big company and it's successful. It probably deserves a lot of its wealth on its technological and other innovations. It just doesn't deserve its wealth for screwing workers and outsourcing work all over the world...

DR. PETER KWONG: Can I follow up on this? In the past, American unions tended to think in terms of the workers here, not thinking about, for instance, trying to boycott foreign imports. But I never heard a very clear position dealing with this very complicated human issue. It's not just about American workers. You're really talking about other workers, third world workers, being exploited as well.

ANDY STERN: I think we should appreciate that Wal-Mart retail workers' jobs in this country are not inherently low wage jobs. They're no more low wage than autoworkers' jobs once were, and no less skilled than mine workers' jobs once were... these are not inherently low wage jobs, they're just not union jobs, right now.

There also needs to be some standards about community benefits. To bring Wal-Mart into New York City and drive small businesses out; to have a company with an avowed public policy to close down places that want to be union? We usually don't invite viruses into our body to infect what's been a social contract that's worked well...

ERIC SCHNEIDERMAN: But back to the point about democracy, which we sort of brushed past. I wanted to look at the question of ideas and our philosophy as Democrats; our philosophy as pro-worker activists, I think, is much more significant than we're really giving it credit for.

Look, the people in the United States didn't wake up last year and say, 'Hey, I got an idea, let's elect some swaggering troglodyte moron who is going to do everything to ruin the economy for my children.' That wasn't an idea that struck them suddenly. It was the result of thirty years of unanswered propaganda from the right, changing the way people think. The pathetic thing about the Democrats is that the last guy who actually had a compelling statement of a collectivist non-market basis for organizing our country was Franklin Roosevelt. The sad thing is that we have to go back to that...

What we believe in, and how we organize ourselves, is critical to defining ourselves so that people don't just believe that cutting taxes creates jobs and that the market is the most efficient allocator of resources.

I think most people here wish you well on the fundamentals: bigger, stronger unions with more density. Hard to argue with that. The fact is, though, that when you get there, what do you believe in that gives us the confidence that you will make decisions the right way? That's where democracy comes in...

The number of times I hear Democratic elected officials say, 'Well, we're fighting for the things we all believe in', 'We all know what we're talking about' Bullshit. We don't all know what we're talking about. I want to hear them tell me what they believe in. And that element is much more central to winning people over than just strategy.

ANDY STERN: I agree. Since we're going to provoke an argument, here we are in the most heavily unionized state in America and the most heavily Democratic state in America. One might look at democracy in the state legislature—where it looks like the Father, the Son and the Holy Ghost; the big three up there who make all the decisions—as one model of democracy, I guess.

We now have Republican mayors and Republican governors. Workers seem to feel very comfortable electing them. Maybe it's because the big conservative machine has come to New York City and convinced all those workers. But I would say, in the Democratic Party here as a party, not as individuals, I'd say maybe is getting revived but it's had a long history of comatose activity... So if this is a model of, 'democracy', I think we're not doing well.

I also say democracy is a value. People want to have a democratic union, but they don't want to have a democratic union that loses; they like winning... You can have a democratic baseball team and be in last place and say, 'Isn't it great, we're all democratic. We all make decisions.' People like coaches and leadership and making choices...

Well, we can have democracy and unions too and have people with no health care and retirement. So it is trying to figure out democracy as part of a process because it's a value in and of itself. It's also a successful way to do business in an organization that has to motivate people to do things. But I just don't believe—and this is where

I get myself in a lot of trouble—that simply having the most democratic, militant shop floor unionism that loses is necessarily what workers are looking for.

KATRINA VANDEN HEUVEL: But it's more, maybe, about the idea of unified vision of a different world. And labor is under such assault now that it may be hard to have a unifying vision of a different world that would provide a new paradigm to inspire workers and challenge the status quo...

Shouldn't labor leaders be asking how we build a progressive movement rather than how we restructure the bureaucracy? That may be very difficult to do. But it's very clear that labor has many friends out there, which it isn't tapping.

My question is, what existing institutional alliances need to be strengthened and what kinds of new alliances, non-traditional organizing models need to be built? At your last convention you announced the formation of Purple Ocean, an open source union. And in this past election we saw that Working America, I think, managed to find some 800,000 new members through the relatively modest cost of ten million dollars. How large is the promise of such open sourced or associate members working in the future?

ANDY STERN: I'm not sure. Clearly we need a totally different model of unionism in the sense that one size cannot fit all...

I think if Democrats talk for the next five years about the value in rewarding work and then created a series of policies, we would have a party that meant a lot more than one that just keeps searching for Bob Schrum or someone to write the new agenda...

I don't think we need people to play about caring about things. We need people that live about caring about things. And I think we keep electing, in all due respect, lawyers and investment bankers who represent workers' interest. Bob Rubin should not have been sitting next to John Kerry in the booth when he gave speeches. Some heroic worker, who goes to work every day, should have sat next to him... We did not need to reassure Wall Street about this election, we needed to reassure workers about this election.

There are problems with the progressive movement; there are problems with the lack of message. But there is also a problem that we don't really speak on behalf of people who vote.

ANDREA BATISTA SCHLESINGER: A lot of what the DMI is focused on is the middle-class squeeze. That's what everybody, especially during presidential election years, is talking about. For example, there are a million independent workers in New York State—people who are part timers or who are self employed. They can't get health insurance.

What's the vision for the labor movement in appealing to that crucial sector that's really ripe to be picked because of their economic insecurity?

ANDY STERN: First, we're just trying to organize people with traditional jobs like home care, family daycare, and jobs to try to make people have a little less middle-class squeeze.

Clearly, we are not thinking enough about a different model of unionism that allows workers that are not in the union to be able to participate in a wage-benefit, industry-wide arrangement that would [give them] greater security in jobs that are inherently less collective.

ERIC SCHNEIDERMAN: I guess, what's fascinating here is that there's a certain view that I would argue is not cynical enough about Democratic elected officials...

You get from your elected officials in this country what you make them give you. I have seen people who come from places where you would read their resume and say, 'Wow, this person should be with us', sell out for a ham sandwich and a bottle of beer. I mean, it is remarkable how craven most of my colleagues are. Because, you know, when you're in power you don't want to lose that power. Anything that shakes up the status quo is inherently threatening...

What we're looking for is for the labor movement to make people give them something. Not to just say, 'Oh, we have to elect people who are with us and we have core values.' You have to talk about those values. You have to reinforce those values. And you can't deliver the message that we're prepared to make a deal if you give us a benefit on one issue, and sell us out on every other issue. There has to be a broader agenda that transcends any one union. Otherwise we're ending up with the same phenomenon: different unions fighting for a piece of the pie, undercutting each other, pitting education against transit against health care.

Now, you may have the best union in the state, and therefore this year health care may win out. But is that the model we want to pursue? That's where we are. I think the bad news is that most of my colleagues are craven. The good news is that most of my colleagues can be intimidated into supporting workers if you just do the right thing... That's why, again, democracy is not just part of the process. There has to be a sense that this really is a democratic process, and not just another cult of personality that will reinforce the message that we really are in trouble with the workers—not just the leaders, because you can make deals with leaders—but that we're really in trouble with the workers if we don't deliver on a broader agenda.

DR. PETER KWONG: Look, most people have a very, very negative attitude about unions. You know that they're cynical, corrupt. So, it takes quite a bit to overcome that kind of negative, persistent attitude. We need leadership, yes. But on the other hand, there's got to be some core consistent principals. Otherwise, people will say 'the same shit again.'

ANDREA BATISTA SCHLESINGER: I want to turn this over for some questions... One of the sectors that is obviously critical to the discussion of the future of labor is the private sector. So I asked Kathy Wylde to ask the leadoff question.

Kathy's the president and CEO of the Partnership for New York City, whose members are 200 CEO's of the city's top corporate, investment, and entrepreneurial firms. She's been with the Partnership since 1982.

KATHY WYLDE: Thank you. I was going to ask a question that's not unrelated to Dr. Kwong's. Over the last 30 years, much of the economic growth in America—the fight against inflation, our competitiveness in the international environment of our employers—has been based on one word: productivity. To many, the decline of the power of organized labor has actually been a necessary precondition to the increased productivity of American business. I wonder if you could respond to that.

ANDY STERN: I think our model of unionism that was developed when we had local employers does not work effectively in a world where productivity is a much larger factor...

More and more, we need to be involved in ways that add value to our employers, where workers share in the rewards of productivity too...

We live in a very competitive world. We cannot make our employers uncompetitive, which means we can't organize one or two of them and expect we're going to raise their wages and benefits, particularly in market sensitive employment... We have to make it so the market does not make our employers not want to be part of the market.

We also need to focus on what are the best ways to change our members' lives. Sometimes I think we have substituted work rules for the inability to deal with other issues that are important to people. I wish we had spent a little more time on the education of our kids in the schools, and the lack of affordable housing, and a little less time on some of the things we deal with every day in the work place as a substitution for all this.

ERIC SCHNEIDERMAN: Let me just mention—it's not here, but it's in a SEIU position paper—interestingly enough, the significant shift is not in increased productivity. Up until the mid-1970s increases in productivity were transferred to workers. What has changed is that we now have had extraordinary increases in productivity, with a smaller and smaller share getting passed on to the workers. This is, again, where changing our concept from this so-called free market theory to something a little bit more meaningful is important.

Everyone shares in the creation of wealth—investors, managers and workers. Unfortunately, now, there is one group that is not reaping the benefits of that creation of wealth. The extraordinary increases in productivity in the last decade in the United States aren't benefiting the workers.

ANDREA BATISTA SCHLESINGER: I just want to ask one other person from the audience to ask a question. We've been talking a lot about holding the Democratic Party accountable. But at the same time, it's still labor and the Democrats. So, I want to ask somebody who might have a different opinion on that, Dan Cantor, who's the founding director of the Working Families Party. I was wondering, Dan, if you had a question for the panel. How's that for a setup?

DAN CANTOR: Changing channels a little bit. It seems like one of the most encouraging things that's happened—in the world, anyway—is in Latin America, the rejection of the Washington consensus. So I'm curious, in the world labor movement in which you move, do people see this as something that can be built on? If so, how? Is there anything similar happening in Western Europe? And what does it all mean, if anything, for the American trade union movement?

ANDY STERN:The world labor movement, in the First World countries, are just in shock, because all the things we used to do that might have worked—collective bargaining, one country politics—aren't working anymore because multi-national corporations and other institutions are making the rules, not countries as much. Even the president can't stop globalization of the economy.

People in other countries are sort of beginning to feel that the rules of the game they played by were supposed to bring them wealth, particularly in South America, and it hasn't worked.

I'm not sure they've figured out what the substitute is for it yet. But they've bought the American model, they've bought the World Bank, they've bought cutting the services. And they ended up still poor. What's happened in America is people are getting poorer and poorer. I wonder when we're going to realize that it doesn't all work...

Because this global thing is a totally new phenomenon, everything now has no borders with transportation and capitol moving so quickly... Even the people who promoted the free trade agreements are in shock that it didn't work...

I think people are at a loss. I admit I'm at a loss. I just think there are huge amounts of things we could do in our own country if we had a way to distribute wealth better, which is what unions used to do. It's just a good economic model and it actually distributed wealth and shared in productivity better than the trickle down theory.

ANDREA BATISTA SCHLESINGER: The president has a couple of key issues on his agenda for the year and one of them is immigration reform. That's an issue that's already coming to New York in the form of a debate about driver's licenses for illegal immigrants; debates that have ramifications not only for policy but for the economy. How should labor weigh in on the president's immigration proposals?

ANDY STERN: They're a step forward in the right direction. We took a position opposing Gray Davis' model of a driver's license [proposal]. Members of the immigrant community really were mad at us, because we were much more extreme than they were. They were willing to have a higher level of security than we thought was good public policy.

There are a lot of people in our country who don't have documents and they're paying taxes and they're working hard. We've got to find some way to get them into the flow of citizenship in an organized fashion. At the same time... no one says we should open up every border and let anybody come into our country.

Every country has a right to manage admission into its country. At the same time, when people are in this country you can't have them hiding in the shadows, exploited, having no way to have citizenship. In terms of the economy, the truth is that, over time, if we don't have immigrants coming into our country, we're not going to have enough workers in certain occupations in our country like home care, childcare, nursing homes. So it's just a question of how do we manage this in a decent, humane fashion, to make sure the people who are here have a pathway to legalization? And how do we manage the admission of people into our country in a way that's fair and just as well?...

DR. PETER KWONG: I guess I'm one of the very few individuals who is very much against the Guest Worker program. It's an issue that, I think, again, is about a lack of leadership. Basically, people say, 'Well, this is going to happen and there's nothing to stop it.' I think we need to look at the implication of this Bush guest worker's program. Basically, it legalizes illegals. It creates a separate class of people.

I'm not talking about citizens, they are not citizens. This Guest Worker program was tried before in the United States—the Bracero program. It did not work, but it ended up making all Mexicans seem like illegals. People were arresting people simply because they looked Mexican, whether they were a citizen or not.

Europeans have tried these Guest Worker programs. It's a disaster. Turkish people who have worked there when they needed it, now for the third and fourth generations, still have problems getting to be part of that country. It would be irresponsible if we didn't think long term because we need these laborers. We must think about the long term. Because the long term has tremendous racial implications that we have to be very careful about.

ANDY STERN: As I understand the Bush proposal, and I may be wrong, it doesn't permit people to be three and four generations of 'guest workers.' There's a process by which you earn your pathway to legalization. If not, I'd be totally against it. But I do think there is a way to help people earn their way into citizenship through a different categorization process. We have green cards and all kinds of different levels of involvement.

To me the question is do you get to be a citizen if you work hard and pay taxes? Not based on what your status is along the way?

DR. PETER KWONG: It's one thing to say that; it's a lot more to make sure the policy makers wouldn't break that obligation. I think this is what a lot of the people are not talking about very carefully. How do we make sure, if this law is passed, there will be a process where people can win their legalization? I think this is an anti-immigrant framework. By going along with it we may get into a situation that we can't find our way out of.

ERIC SCHNEIDERMAN: I think there are two separate issues you're dealing with. One is the Bush proposal, which does not provide that everyone—guest workers—get a clear path to immigration. But more fundamentally, it shifts the focus of our immigration policy to an employer driven policy in a way we haven't had. And that, I think, has implications of its own.

Everyone, I think, agrees we should have a clearer path to legalization. But the labor movement is going to have to deal with the fact—you want to talk about rewarding work—that we are going to be a country with many people working here who are not legal for a long time. Maybe the first step towards dealing with the global problem is to deal with the global problem here at home.

There was a first step made in the last few years under the AFL-CIO, a dramatic change which we have to give some credit for, from the sort of xenophobic attitude of prior decades. Unfortunately, they're really just scratching the surface. So, if you're going to be expanding your vision and your operations, there has to be a more coherent way for the labor movement to address the issue of the millions of people who are going to be here working illegally and who do form the floor on which we all build as far as economic justice and workers' rights.

ANDREA BATISTA SCHLESINGER: Any questions from the audience? Yes.

HON. H. CARL McCALL: President Stern, I have a practical question. One of the things you've done is that you've challenged the leadership of the AFL-CIO and you've suggested to them that they adopt some of the very interesting ideas you've presented today. I was just wondering if you could comment on what is the end game? Is it to extract from John Sweeney certain commitments to move in the directions you've suggested, or do you plan to run a candidate to oppose him?

ANDY STERN: I think in any situation there are always two ingredients to change. One is what we're trying to talk about—"what do you believe in?"—and then, who are the leaders that actually believe in what you believe in? Because we have lots of people who say we're all for the same thing, and then they get there and you're not sure what the same thing is that we all were for. So I'd say the first discussion is, "what do we all believe in?"

I'm not sure we're ever going to reach an agreement, so we may never get to the second question which is, who is the leader that embraces what we agree on? We've made a decision, rightly or wrongly, that we either will be part of, or

partners with, the AFL-CIO. But we don't want to be part of a labor movement that is not willing to make the changes necessary to give workers a chance.

We believe, as I said earlier, that we have fake unity not real unity—maybe the same things the Democrats have. We're all Democrats, but you can vote for the bankruptcy bill? You can vote against minimum wage, and we're still all Democrats?

To us, it's either time to change to AFL-CIO or build something stronger. And a lot of building something stronger isn't building another labor movement, it is answering some of these questions about how we relate to community organizations, how we build a progressive infrastructure, and how we build relationships with other membership organizations...

For us, building something stronger isn't necessarily building a parallel labor movement, it's about joining with people who share a common set of values... It's about how we work together to win for working people ... and to have a country that has a little more tolerance, a little more belief in science and progress and democracy, in the good sense of the word, than we have today.

If we make the change than [we] need a leader who embraces the change... But at the same time, we have to all build something stronger. Because we're losing and none of us—no progressive institution, no party, no labor movement—at this moment in history is strong enough on their own.

KATRINA VANDEN HEUVEL: But are you suggesting a split might become necessary? Can a house of labor divided survive in this climate?

ANDY STERN: The house of labor is divided.

KATRINA VANDEN HEUVEL: But even more divided?

ANDY STERN: I hate to sound like a business person because people accuse me of that all the time.

You know, competition is not necessarily the most unhealthy aspect of moments of history. You can say the Working Families Party is bad, or you can say it sort of holds people accountable because there are alternatives. So, to me, we're not going to fight with people in the AFL-CIO.

...At some point, the rules of the AFL-CIO really hold people back from growing. It's kind of like restraint of trade. The merger of the AFL-CIO was the end of competition and we never solved the problem of, did you believe in craft unionism or industrial unions? We just agreed that we're both successful enough so we should stop fighting and institutionalize what we both had.

If I thought this was a tragic moment for labor, I would think differently. As I say, it's a moment of opportunity, potentially. Here is a business analogy. There's US Airways, which has a model of doing work which has not been as successful as they ever wanted it to be. It doesn't really have a business model you can figure out. They kind of look like everybody else but they do it less. If you were Herb

Kellerer right now, and you wanted to start a new airline, you could either start Southwest with a whole new model and see if it worked or you could take over US Airways and see if you could change it.

To me, I think one of the questions in the labor movement is, do you want to take over US Airways or do you want to build Southwest?

ANDREA BATISTA SCHLESINGER: I hate to also sound private sector, but we do like to end on time, even for a progressive policy think tank, so I'm going to say no to more questions, but ask the panelists who have generously given of their time both here and in preparation for this event to give us a two minute closing, starting with Katrina.

KATRINA VANDEN HEUVEL: Thank you. I want to speak of a woman Andy Stern may know because it goes back to this issue of who's running inside the Democratic Party. Gloria Totten is an interesting woman who's running something called Progressive Majority. It's one of the new hearts of this progressive infrastructure, along with Democracy for America and Wellstone Action, building a farm team of progressive candidates at a local state level who, with all due respect of where we sit, may not be Harvard graduates—people closer to the labor movement in spirit. I think that's an important development.

I think what's going on with the Working Families Party in this city is very important as an example of a labor-community coalition. As I said earlier, I hope SEIU may, in its sitting at the table with other groups, think about bankrolling fusion...

I do come back to what Eric said, because I think the lesson from the right is that core values do matter. Ideas and ideology matter. In the end, I don't think labor is going to win this fight if it's seen as only its fight. I come back to the fact that there are millions of Americans out there who understand their work isn't being rewarded or valued who want health care and affordable, dignified retirement. Some of that is best organized not through specific industry actions or mechanistic reforms, but broad and sweeping political and issue campaigns.

I close with thanking you for launching a much needed debate about the strategic reforms inside labor. I hope the house of labor remains united because I do think these are murderous times, and that any division will be exploited by this regime.

DR. PETER KWONG: I really appreciate the opportunity, however short, to have this open discussion. I wish we had more time. One of the problems is that organized labor is very closed. It's so complicated. There are so many details about the union, so many personalities, so many different strategies, that most laymen just don't even get involved. So, a lot of us have a lot of questions. And I don't think you're the one who can provide all the answers, but that is something that we should aim for...

I hope you keep on having this consistent kind of dialogue that we could be part of the party of struggle.

ERIC SCHNEIDERMAN: This has been a tremendous pleasure, not just being here to talk today, but reading and thinking about the issues that you have raised, or forced others to raise...

I think what Katrina and Peter and I are all saying in one form or another is that we want you to succeed. There's no one who cares about fundamental issues of social and economic justice that doesn't want you to succeed. But in order to succeed, there has to be a better answer to the questions of what you believe—what we would all believe in if we were united together—and of how we make decisions. Which is, I think, when people raise the issue of democracy and the question about how we make decisions? Because, look, you're right. No one in their right mind would argue that complete democracy that's ineffective is preferable to success. But there has to be a balance between some centralized top-down decision making—a more republican form of government with a small 'r'—or more of a centralized strategy. And the openness of democracy, that's very hard to achieve...

Labor works best when it reaches out, when it builds coalitions. We see this in New York all the time—broad coalitions. The point of uniting people who are recipients of health care services, and home care services, with home care workers—that's how labor always succeeds. When the Transit Workers Union united the riders with the workers, that's when we were able to block moves by the MTA to shut down token booths. That's the model that works. To do that, you have to be able to reach out beyond the narrow issues of wages, hours and contract terms to a broader belief. I hope you will do that and I look forward to following as you move along this road. Thank you.

ANDY STERN: Life is very funny. I started off as a rank and file member of my union and I spent so many years saying lots of things no one paid any attention to. It's always amazing when people pay so much attention to what you have to say.

I like to say, and I hope this is true, that it's not about who I am, it's about who I represent... I think a lot of what I'm saying, and is being covered, has very little to do with me and more to do with the fact that we are a progressive movement in search of leadership and a political party in search of leadership. We're all feeling the vacuum...

I think change is enormously important, and enormously hard. The world has changed. People have adjusted to the change politically, economically and otherwise. I think we're slow, and by 'we' I mean progressive Democrats. We're just slow. We don't have enough of these discussions where people who don't know each other come together. We don't have intermediate organizations. We don't even know how to fight without getting personal. It's a terrible community we live in, because people are thirsting for discussion, dialogue, moving forward, winning, and we don't have forums like this, which is why I wanted to come here, where people get to meet different people and talk about different things.

Whether it's democracy or alliance there are lots of people doing good things. It's just too small, too uncoordinated, and we need to do something about it...

Finally, let me just say that for me the thing that unites most people in this country is that they go to work every day. It's a pretty fundamental thing. Most people don't go to work—with all due respect to New Yorkers—down on Wall Street. They go to work in retail, they go to work in government, they go to work in other service industries. They go to work every day and it ain't so easy doing it. I feel like they're desperate for someone to be on their side.

I think we have a chance to be on their side. But it's not just theory; it's practice. I think the reason that our members have been willing to support us and do a lot of things is because we fight for them... We invest in them to go be involved in political action, not just give money to parties. We invest in them to learn new skills. So a lot is not just what we say, but what we do. We have more talent on our side that is so underutilized, that it's so frustrating.

I think we are at a point in time that if we can sort of unify ourselves around some things like work and valuing and rewarding work there's a huge audience, much greater than we know, that wants someone to find a way. I am just glad to be here amongst people who share a common cause. Our differences are so minor compared to what we have in common and if we can learn to disagree without being disagreeable I think there's a fight to be had. I think we saw in the last election that people are willing to fight together and we just need to find the mechanisms and the will to do that. So, I just want to thank the Institute here for being one of the places that allows us to have these kinds of conversations.

ANDREA BATISTA SCHLESINGER: I wanted to thank Carl McCall for leading us off this morning, and recognize council members Jackson and Gioia for joining us. Thanks to my staff, Malik Lewis, Amy Traub and LeeAnn Fletcher for making all this happen.

The Drum Major Institute is committed to this Marketplace of Ideas series, and for providing a forum for policy makers who are actually putting their values into practice with success, a platform. So I hope you will join us at future events. Thank you.

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THE MYTH OF THE MIDDLE? CAMPAIGN 2004 ON AMERICA'S MIDDLE CLASS

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