

# 994895  
**FDE**

**Foundation for Democratic Education**

815 15th St, NW, Suite 506, Washington, D.C. 20005  
Tel: 202-347-2348; Fax: 202-347-2531  
e-mail: postmaster@newecon.org

December 18, 2001

Mr. Daniel P. Schmidt  
Executive Vice President  
The Lynde and Harry Bradley Foundation  
1241 North Franklin Place  
Milwaukee, WI 53202

Dear Mr. Schmidt,

On behalf of the Board of Directors of the Foundation for Democratic Education I want to thank you for the Lynde and Harry Bradley Foundation's check of \$149,000 for our "New Thinking on Democracy, Prosperity, and Labor" project which we received today.

We will keep you apprised of our work as it progresses. Again, thank you for your generous support of our program.

Sincerely,



Richard Wilson  
Director



The Lynde and Harry  
BRADLEY FOUNDATION

The Lion House • Post Office Box 510860 • Milwaukee, Wisconsin 53203-0153  
(414) 291-9915 • Fax (414) 291-9991

Daniel P. Schmidt, Executive Vice President  
& Chief Operating Officer

December 13, 2001

Mr. Richard Wilson  
President  
Foundation for Democratic Education, Inc.  
815 15th Street, NW  
Suite 506  
Washington, DC 20005

Dear Mr. Wilson:

Enclosed is the Foundation's check payable to Foundation for Democratic Education, Inc. in the amount of \$149,000. This grant was awarded by our Board of Directors to support the "New Thinking on Democracy, Prosperity, and Labor" project's domestic component.

The Foundation directors are pleased to be able to support your work and wish you every success in your endeavors. Please provide periodic reports accounting for the funds which were expended for your activities.

Sincerely,

Daniel P. Schmidt

DPS/kt

Enclosure: Check #6926

Grant ID #994895

THE LYNDE & HARRY BRADLEY FOUNDATION, INC.  
1241 NORTH FRANKLIN PLACE  
P.O. BOX 510860  
MILWAUKEE, WI 53203-0153  
Voice: 414-291-9915  
Fax: 414-291-9991  
GRANT AGREEMENT  
ID# 994895

Entered in r .

PLEASE READ CAREFULLY

Upon application by Foundation for Democratic Education, Inc. (hereinafter "Grantee") to The Lynde & Harry Bradley Foundation, (hereinafter "Grantor"), Grantor agrees to make the following Grant, and Grantee agrees to accept such Grant, in accordance with the terms below and subject to the additional conditions set forth in Paragraph 11:

DATE AUTHORIZED: November 13, 2001  
AMOUNT OF GRANT: \$149,000  
DURATION OF GRANT: One year from date of first payment  
REPORT SCHEDULE: Semi-annual

SPECIFIC PURPOSES OF THE GRANT

The purpose of this grant of \$149,000 is to support the "New Thinking on Democracy, Prosperity, and Labor" project.

## GENERAL CONDITIONS OF THE GRANT

1. PURPOSE: The Grantee agrees to use the funds solely for the described purposes and to so designate them in the Grantee's records as well as not to use any of the funds in violation of the provisions of the Internal Revenue Code governing grantees of private foundations. To alter disbursement of funds from an approved budget, permission is required from an officer of the Grantor. (See paragraph 9.)
2. FUNDRAISING: No funds awarded through this grant are to be shared with or used to pay fees or wages for the services of fundraising or consulting firms.
3. EVALUATION: The Grantor may, at its expense, conduct an evaluation of operations under this grant, which may include visits by representatives of the Grantor to observe the Grantee's program procedures and operations and discuss the program with the Grantee's personnel.
4. ACCOUNTING AND FINANCIAL REVIEW: A complete and accurate record of the funds received and expenses incurred under this grant must be maintained by the Grantee and submitted to the grantor at the end of the grant period. The Grantor may, at its expense and on reasonable notice to the Grantee, audit or have audited the records of the Grantee insofar as they relate to the activities funded by this grant.
5. TAX EXEMPTION AND FOUNDATION STATUS: The Grantee shall immediately give written notice to the Grantor if, prior to receipt of all or any portion of the grant, or before all or any portion of the funds are expended, the Grantee ceases to be exempt from Federal income taxes under the provisions of Section 501(c)(3) or Section 115 of the Internal Revenue Code or becomes a private foundation under Section 509(a) of the Code.

In particular, but not by way of limitation, the Grantee agrees that no portion of any grant by the Grantor shall be used to carry on propaganda, or otherwise to attempt to influence legislation, including any referendum, or to participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office. If the Grantee is authorized by the terms of the grant to use the funds for "nonpartisan analysis, study or research," which may legitimately be undertaken by the Grantee, the Grantee agrees to engage in such activities in strict compliance with all Treasury and IRS regulations which provide that such analysis, study or

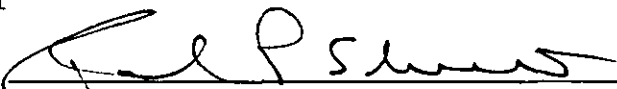
research must be made available to the general public or a segment of members thereof (or to governmental bodies, officials or employees) and may advocate a viewpoint but (a) must reflect objectivity, a full and fair exposition of the facts (including presenting information about both sides and any factual support for contrary views) and lack of unsupported opinion and (b) may not encourage the recipient to take action with respect to legislation (including any referendum) or be directed solely to persons who are interested only in one side of an issue. Grantee also represents to the Grantor that, in addition to the above prohibitions on the use of grant funds hereunder, no substantial part of its activities is or will be attempting to influence legislation (including any referendum) within the meaning of Section 501(c)(3) of the U.S. Internal Revenue Code of 1986, as amended.

6. ADDITIONAL SUPPORT: By making this grant, the Grantor assumes no obligation to provide other or additional support for the Grantee. This grant is not to be construed as establishing a precedent for further support of the Grantee.
7. REPORTING: The Grantee shall furnish to the Grantor a written report on the use of the grant either semi-annually or on some other schedule as specified in Special Conditions (see Paragraph 11). This report should furnish an appraisal of the program results under the grant for the reporting period.
8. PUBLICITY: In the event that the Grantee wishes to issue a news release concerning the grant, the Grantee will inform the Grantor in a timely fashion prior to its release and clear it with an officer of the Grantor.
9. REVERSION OF GRANT: All or any portion of the amount granted shall be returned to the Grantor in the event that any or all of the grant is not expended or committed for the purposes authorized by the Grantor. The Grantor may upon request from the Grantee authorize a modification in the disbursement of funds.
10. PUBLICATIONS: In the event that a project funded by the Grantor would naturally issue in publications, the Grantee expects publication to occur. In the event of special requirements concerning publication, these will be enumerated under Paragraph 11 -- Special Conditions.
11. SPECIAL CONDITIONS: The Grantee accepts and agrees to comply with the following Special Conditions: None

Executed by or on behalf of Grantor and Grantee as follows:

GRANTOR: The Lynde and Harry Bradley Foundation, Inc.  
1241 North Franklin Place  
P.O. Box 510860  
Milwaukee, WI 53203-0351

BY: Daniel P. Schmidt

  
Signature

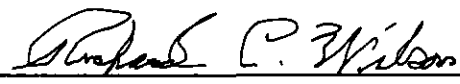
TITLE: Executive Vice President

DATE: November 13, 2001

GRANTEE: Foundation for Democratic Education, Inc.  
815 15th Street, NW  
Suite 506  
Washington, DC 20005

BY:

\_\_\_\_\_  
Name of Signatory

  
Signature

TITLE OF AUTHORIZED OFFICER:

\_\_\_\_\_

DATE:

\_\_\_\_\_



The Lynde and Harry  
BRADLEY FOUNDATION

The Lion House • Post Office Box 510860 • Milwaukee, Wisconsin 53203-0153  
(414) 291-9915 • Fax (414) 291-9991

November 16, 2001

Mr. Richard Wilson  
President  
Foundation for Democratic Education, Inc.  
815 15th Street, NW  
Suite 506  
Washington, DC 20005

Dear Mr. Wilson:

I am pleased to inform you that the Board of Directors of the Lynde and Harry Bradley Foundation, Inc. (Foundation) has awarded a grant of \$149,000 to the Foundation for Democratic Education, Inc.

It is understood that these funds will support the "New Thinking on Democracy, Prosperity, and Labor" project.

The payment of this grant is subject to your agreement to the terms specified in the enclosed grant contract. Please sign and return one copy to the Foundation. The grant has been scheduled for payment as follows:

<u>Date</u>	<u>Amount</u>
12/10/2001	\$149,000

The Foundation reserves the right to change the payment schedule. Changes, if any, would be communicated to you promptly.

Our Grantee Tax Exempt Status form is also enclosed. In order for payment to be released, please complete, sign and return it to the Foundation as well.

We are happy to be able to support your work and look forward to keeping closely in touch with your progress.

With best wishes,

Daniel P. Schmidt  
Executive Vice President

DPS/ye

Enclosure

Grant ID #994895

**The Lynde and Harry Bradley Foundation, Inc.**  
**Grantee Tax Exempt Status Information**

**I. Organization Data:**

Applicant Organization: Foundation for Democratic Education Employer ID #: 52-1175094

Payee Organization: Foundation for Democratic Education Employer ID #: 52-1175094  
(If different)

**II. Tax Exempt Status of PAYEE Organization:**

**A. • Is payee organization tax exempt under:**

Section 501(c)(3) X Section 501(c)(1) \_\_\_\_\_ Section 115 \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_

• IRS tax exempt determination letter attached Yes \_\_\_\_\_ No \_\_\_\_\_

• Referring to your IRS determination letter, check all items that apply to your organization:

Section 509(a)(1) 170(b)(1)(A):	Section 509(a)(2) (See Item B)	Political subdivision Section 170(c)(1)
(i) Church _____	_____	_____
(ii) School _____	Section 509(a)(3) _____	Government Instrumentality _____
(iii) Hospital _____	_____	_____
(iv) College or University Support Organ. _____	Section 509(a)(4) _____	Local Chapter or Religious Organization Under Group Ruling _____
(v) Governmental Unit _____	"Not a 509(a)" _____	_____
✓ (vi) Publicly Supported Organization (See Item B) _____	Non-U.S. Organization _____	Private Foundation: Grantmaking _____ Operating _____

Other (explain), and if uncertain, attach copy of Form 990, page 1, and Schedule A \_\_\_\_\_

• If payee organization is covered under a group ruling, are the group ruling letter and letter from the umbrella organization indicating your organization's affiliation attached? NA \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_

• Explain "No" answers: \_\_\_\_\_

**B. Public Support Status** [Please complete only if organization is classified as a 509(a)(1)-170(b)(1)(a)(vi) (Publicly Supported Organization), OR 509(a)(2) organization.]

• Does the tax exempt determination letter attached under item A above indicate public support status is granted for an advance ruling period? Yes X No X

If yes, advance ruling period expires: 11-30-89 And, if the advance ruling period has expired, attach a copy of IRS letter granting public support status for periods after the expiration of the advance ruling period.

• Did payee organization have a substantial and material change in the organization's sources of support in the current tax year and four immediately preceding taxable years that could result in the loss of the organization's public support status under Sections 170(b) (1) (A) (vi) or 509(a) (2)? Yes \_\_\_\_\_ No X

• Will the requested grant and any other grants received from the Bradley Foundation during the current taxable year exceed 25 percent of the aggregate support received by the organization from all sources other than the Bradley Foundation during the four taxable years immediately preceding the current taxable year? Yes X No \_\_\_\_\_

**III. Conflict of Interest:**

Please list any names of the applicant &/or payee organization's board of directors, management or employees which hold similar positions or are affiliated with the Lynde and Harry Bradley Foundation.

**IV. Purpose of Grant:**

Bradley ID # 994895

• Will the proceeds of the requested grant be used exclusively for religious, charitable, scientific, literary or educational purposes? Yes X No \_\_\_\_\_

• Will any of the requested grant funds be used to carry out propaganda or attempt to influence legislation, to influence the outcome of any election, to carry on any voter registration drive or invest in a commercial venture? Yes \_\_\_\_\_ No X

X Victoria Thomas Victoria Thomas Treasurer 11-20-01  
(Signature) (Print Name) (Title) (Date)





Foundation for  
Democratic  
Education

November 20, 2001

Mr. Daniel P. Schmidt  
Executive Vice President  
The Lynde and Harry Bradley Foundation  
1241 North Franklin Place  
Milwaukee, WI 53202

Dear Mr. Schmidt,

Thank you very much for the Lynde and Harry Bradley Foundation's generous grant to the Foundation for Democratic Education. Although the grant from the Bradley Foundation does exceed 25 percent of FDE's aggregate income from other sources during the preceding four fiscal years, FDE has been supported over the last five years from a variety of different organizations and private individuals including labor unions, publicly-supported foundations, and federal government agencies. Listed below are FDE's other major funders over the past five years.

**FY 2000-2001**

The Smith Richardson Foundation  
The Albert Shanker Institute  
The 21<sup>st</sup> Century ILGWU Fund

**FY 1999-2000**

The Smith Richardson Foundation  
American Federation of Teachers  
Communication Workers of America

**FY 1998-99**

The Albert Shanker Institute (publicly-supported organization)  
UNITE  
The Joseph A Beirne Memorial Foundation  
The Bill Usery Foundation

**FYS 1994 to 1997**

The National Endowment for Democracy (government)  
The Westminster Foundation (Great Britain)

Please let me know if you need any further information.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Victoria Thomas'.

Victoria Thomas  
Treasurer

815 15th Street, NW.  
Suite 506  
Washington, DC  
20005  
Tel: 202-347-2348  
Fax: 202-347-2531

# FDE

Foundation for  
Democratic  
Education

November 20, 2001

*MH*

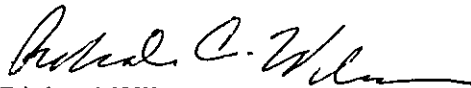
Mr. Daniel P. Schmidt  
Executive Vice President  
The Lynde and Harry Bradley Foundation  
1241 North Franklin Place  
Milwaukee, WI 53202

Dear Mr. Schmidt,

On behalf of the Board of Directors of the Foundation for Democratic Education (FDE) I want to thank you and the Lynde and Harry Bradley Foundation for your generous support of our "New Thinking on Democracy, Prosperity, and Labor" project. I have enclosed two signed copies of the grant contract and the Grantee Tax Exempt Status Form.

Please let me know if you need anything else.

Sincerely,



Richard Wilson  
Director

Encl.

815 15th Street, NW.  
Suite 506  
Washington, DC  
20005  
Tel: 202-347-2348  
Fax: 202-347-2531



Foundation for  
Democratic  
Education

October 15, 2001

Mr. William Schambra  
The Lynde and Harry Bradley Foundation  
1241 North Franklin Place  
Milwaukee, WI 53203-0153

Dear Mr. Schambra:

The attached materials present a proposal for the Foundation for Democratic Education component of a project we are conducting in cooperation with Freedom House, entitled, "New Thinking on Democracy, Prosperity, and Labor."

The Foundation will carry out the domestic dimension of this project. The Lynde and Harry Bradley Foundation provided generous support for this project during the current program year. The program has been successful, and the coming year offers opportunities for even greater achievements. We are respectfully requesting a renewal of the grant at the same level it was funded at last year.

We have attached to the proposal as appendices:

- 1) A brief summary of the activities--and related materials--we conducted with this grant over the recent past;
- 2) A copy of the Foundation for Democratic Education's annual financial report, and a list of our major contributors;
- 3) Our grant of tax-exempt status from the Internal Revenue Service.

We are grateful to you and the Board for the support you have given in the past, and the attention you can give to this request.

Sincerely,

A handwritten signature in cursive script, reading "Richard Wilson".

Richard Wilson  
Director

815 15th Street, NW.  
Suite 506  
Washington, DC  
20005  
Tel: 202-347-2348  
Fax: 202-347-2531



Foundation for  
Democratic  
Education

A Proposal to the  
**Lynde and Harry Bradley Foundation:**

**"NEW THINKING  
ON DEMOCRACY, PROPSEITY,  
AND LABOR"**

Submitted by the  
**Foundation for Democratic Education**

October 2001

Contact: Penn Kemble  
(202)347-2348

815 15th Street, NW.  
Suite 506  
Washington, DC  
20005  
Tel: 202-347-2348  
Fax: 202-347-2531

A Proposal to  
**The Lynde & Harry Bradley Foundation**  
on  
**NEW THINKING ON DEMOCRACY,  
PROSPERITY, AND LABOR**

Part II: Domestic  
  
from  
**The Foundation for Democratic Education**

October 2001

[ Note: This proposal describes the domestic component of a cooperative project being conducted by Freedom House and the Foundation for Democratic Education that seeks to engage the American labor movement with new thinking about critical issues. Freedom House is implementing the international component of this project. The rationale for the two projects is in many respects the same, although the activities each organization undertakes in the implementation will be different.]

### **Summary**

The year-long cooperation between Freedom House and the Foundation for Democratic Education in exploring new ideas and building new relationships with forward-looking trade unionists has achieved more than we expected. A series of developments in recent months -- not least, the terrorist attacks of September 11-- has produced a new atmosphere in the labor world that, paradoxically, opens important opportunities. We have also succeeded in securing funding from labor sources -- funding that will strengthen our programs and, most importantly, our legitimacy.

We hope the analysis we have included with this proposal illustrates that some unwholesome ideas that had been gaining strength within the American labor movement have been set back by collision with hard-edged realities. This is a critical moment for establishing that there are alternative views and traditions to which union leaders can turn. Even though it may take time

for these alternatives to bear full fruit, what was fast-becoming orthodoxy in certain labor circles has been shaken. There now can be genuine debate. Healthy values and networks that support them can find room to grow.

Groundwork for expanding our cooperative project next year has been soundly laid. We are organizing a second international conference on labor's role in strengthening skills and productivity, sponsored and largely funded by a major British union. We will continue our NEIS news bulletin, which has found a receptive audience. We are especially eager to issue a series of papers on strategic issues, and, most important, to bring interested people from the labor world together for face-to-face dialogue about these issues.

We are requesting a second year of funding from the Bradley Foundation at last year's level. The following proposal outlines how our two organizations will divide the activities required to carry this project out. (As our analysis here argues, the relationship between international and domestic issues in the labor movement was amply borne out over the past year. The partnership between our organizations in addressing this relationship has been vindicated.)

## **Background**

Trade union membership in the United States grew rapidly as the U.S. entered World War II, and continued to rise into the early 1960s. But even though organized labor enjoyed considerable political influence during the Kennedy and Johnson presidencies, a gradual decline in the proportion of the total workforce holding union membership began as early as the middle of that decade. By the 1980s, a decline in the absolute number of union members had begun. (This, despite the enactment of government policies enabling large blocs of public employees to become union members, making public employees today about a third of total union membership.)

A number of explanations arose for this decline in union membership. Some ascribed it to the very success of unions. Employers realized that workers would organize unions when they were treated unfairly, and therefore introduced more respectful labor practices. Another factor: with labor's prodding, government took upon itself many responsibilities for safety, health, and legal protection that once had been the basis of unionism. Workers therefore saw less practical need to join a union.

Others saw the change in union membership as an inevitable consequence of the emergence of global labor markets, and the great advances made in manufacturing and information technologies. Some union leaders who hold this view may feel regret at the way these trends have played out. But they nevertheless accept such changes as the natural workings of a dynamic economy – a dynamic economy that in other times can operate to labor's benefit. They are looking for ways to assist union members in adapting to changing circumstances and maintaining their employability.

But there is a third group in the labor movement whose response to the New Economy has been more antagonistic. This group sees the decline in union membership as a consequence of deliberate policies developed by business leaders and their allies: policies that move jobs to low-

wage countries and that fight a no-holds-barred campaign against unions at home. More importantly, many in this group have been drawn to the view that unions have no alternative but to turn away from sectors of the American workforce that are engaged with and receiving benefits from the New Economy. Such benefits, in the view of these radicalized labor activists, are only temporary. The only course for those who are true to labor's mission is to forge alignment with poor and marginal workers here in the U.S. and abroad for an international campaign against corporate power.

Indifference toward the labor movement in America's elite media, the moderating presence of a Democratic Administration, and the reservations many unionists have about this more radical approach have masked the fact that since the end of the Cold War more radical elements have been gaining strength in the AFL-CIO. In fact, at mid-summer, 2001, these views could justifiably have been described as dominant in the AFL-CIO. But at the same time other values and strategic concepts were gradually stirring among trade unionists who are uncomfortable with the more radical perspective.

Even before the September 11 hijackers' attacks there were signs of growing tension in the labor leadership. The first was a decision by the President of the 500,000-member United Brotherhood of Carpenters, Douglas McCarron, to take his union out of the Federation. The Carpenters have been a very successful union, one of the few actually to have gained significant membership in recent years. McCarron's complaint was that although his union poured dues money into the Federation, it got little in exchange, either in services or successful organizing. The only visible effect was a growing headquarters staff, often drawn from outside the labor movement.

McCarron's departure brought into the open what had been only a whispered subject at the AFL-CIO's headquarters: despite effusive rhetoric about new energy and a commitment to organizing, the AFL-CIO has continued to lose members under President John Sweeney's leadership. (This, despite the fact that declining membership was Sweeney's issue in his campaign to unseat Lane Kirkland and Tom Donahue, his predecessors.)

The loss of the Carpenters was a huge blow to Federation finances, which were already in decline. It left a gaping hole in the Building and Construction Trades Department, long a mainstay of the larger organization. McCarron made no effort to offer his reasons for leaving to his colleagues, nor did he try to organize support for a change in direction within the Federation. Some who might have agreed with him saw this as irresponsible. But his resignation proved to be more than a flash in the pan.

McCarron soon brought together a number of his former Building Trades colleagues, the Teamsters, and the traditionally liberal Auto Workers for a White House endorsement of two Bush Administration proposals: drilling oil in the Arctic National Wildlife Refuge and preventing greater fuel restrictions on trucks and SUVs. This was no fleeting coalition: it was a declaration by important unions in high-energy sectors of the economy that they would no longer acquiesce in the alliance of labor and environmentalists that had set the tone of labor politics since the Clinton-Gore era. (Our Director has a close relationship with key staff in the Carpenters Union and the Director of the ad hoc group of pro-energy unions.)

The initial response to this dissent over environmental issues was that the dominant group in the AFL-CIO leadership veered even more sharply toward a radical stance. Some in labor and among its allies had been pressing the AFL-CIO to become more deeply involved with the "anti-globalization movement": a collection of Left and liberal cause groups that has organized demonstrations at meetings of the World Bank, the World Trade Organization, and the International Monetary Fund. A major demonstration was planned in Washington during the late September meetings of the Boards of Directors of the IMF and World Bank. Last June, soon after McCarron's defection, AFL-CIO President Sweeney agreed to throw labor's numbers and financial support behind this march.

The AFL-CIO has traditionally organized its own demonstrations, and has been careful to control the demands, speakers program, and tactics at such events. The Federation at first demanded no such role in endorsing this anti-globalization march. But as information about the extremist character of previous marches in Quebec City and Genoa spread through AFL-CIO ranks, President Sweeney was obliged to back away. By August 2001 he announced that the AFL-CIO would hold its own events during the September 29 week-end, and that it would also organize a marshal's corps to discourage any who sought violence.

Despite this, groups such as the Mobilization for Global Justice, the Anti-Capitalist Convergence, and other march sponsors were ecstatic over the AFL-CIO's willingness to support them. In their view, they had broken through to a mass constituency, heralding a re-birth of the kind of Left that passed from the scene at the end of the Cold War.

Then came the hijackers' attacks on the Pentagon and the World Trade Center, and a spasm of disorientation in the radical anti-globalization movement. Many on the Left saw the attacks as punishment for America's sins. More than a few union staff may have shared that judgment, but the vast majority of union members were clearly horrified. Their heroes were the rescuing police and firemen, and the thousands of union construction workers who rushed to Ground Zero without pay to help. Few AFL-CIO members would have been pleased to see their organizations endorse a march where participants provoke police and shout epithets at elected leaders. The new alignment of labor and the nascent Left was shattered. (Our staff prepared materials for AFT President Sandra Feldman, who took the lead in pressing reluctant elements on the AFL-CIO Executive Council to support the President's declaration of war on terrorism.)

The change that followed the terror attacks may have more important effects on organized labor's domestic orientation on the AFL-CIO's policies in international affairs. The attraction of the anti-globalization movement was in no small part due to the role some imagined this movement would afford a particular group of American union leaders and activists. Those urging this new internationalism of the disaffected had grown cynical about the prospects for organizing significant numbers of America's New Economy workers into unions or associations.

Like the student radicals of the 1960s (and quite a few *were* student radicals in the Sixties) the anti-globalization activists in labor have a fascination with those at the farthest margins of the American economy. They see potential in anger and resentment they believe to be widespread among the poor, recent immigrants, working mothers, and those working at unskilled jobs who have little prospect of moving up. They may sometimes even concede that this sector of



American society does not have the capacity to exert major political or economic influence on its own. But it could have exciting potential if it could be shaped into the American contingent of a worldwide movement of the poor and oppressed.

The terrorist attacks on September 11 brought down this political construct just as surely as they brought down the twin towers of the World Trade Center. Many of labor's putative anti-globalization allies have shifted their energies into the "peace movement." But American workers and the majority of union leaders will be more concerned with the struggle against al Qaeda and its friends than with the struggle against the evils of capitalism. The dream of a new global radicalism that can mobilize against the injustices of the global economy has, at least for the time being, disappeared into the smoke.

Nevertheless, this turn of events might be a positive thing for American labor. It opens the door to the exploration of neglected ideas and traditions that have always been important both to the internal strength of unionism here at home, and to our public's support for it. If a disruptive movement of "the wretched of the earth" holds little promise for American labor, there are other prospects. There are even benefits that unions can offer that can actually be provided during times when higher wages and shorter hours may prove difficult to bring home from the bargaining table.

Not only are there some promising ideas about such alternatives: many unions already have substantial programs and capable staff at work in a field that can serve as the foundation for an alternative strategy. This is the area that many call "workforce development": the efforts made by unions and related associations to define marketable sets of skills and to assist members and recruits in mastering those skills.

The development of skills and professional competencies is one of labor's principal but often neglected roles. Large-scale training programs, often conducted in cooperation with business or government-financed educational institutions, occupy thousands of people and expend millions of dollars. This work is collaborative, not confrontational. It lacks the drama of strikes and protest rallies. It gets scant attention from a sensation-craving press or from university-based labor intellectuals searching for artifacts of class struggle. But poll data and the experience of seasoned union leaders support the case that the development of skills and marketability are one of the primary reasons workers join unions, and one of the most appreciated membership services that hold them there.

Trade unionism in America began in the skilled crafts, where systems of apprenticeship and levels of mastery were established to set pay scales and organize production. These concepts were soon taken over by railroad workers, the maritime trades, the garment industry, and other more industrialized sectors. When unions tried to engage workers in the health care and education fields, they soon discovered that training and skills certification are of central concern.

It is noteworthy that unions in some other countries have taken up a role that American unions pioneered and turned it to advantage, even as Americans have flirted with a political approach that is losing favor in Europe. The principal labor movements of Britain and Germany, long under socialist leadership, have broken away from this tradition and are seeking partnerships

with business and government to strengthen the quality and productivity of their workforces. In their view, only if unions help employers meet the challenges of global competition can the social benefits that Europe provides be sustained. The new leadership of the AFL-CIO has not been attuned to this message, but its current impasse may bring a rekindling of interest.

Informed observers of the American labor movement believe that ferment about the issues noted here may emerge at this year's December convention of the AFL-CIO. We propose to engage this new thinking in several ways.

## **2002 Program**

### *Esher House Seminar*

The Foundation for Democratic Education will assist Freedom House in organizing an Esher House International Seminar on Workforce Development, as it did in assisting with the initial meeting held last Spring in Washington. Our role will be to help recruit appropriate experts in workforce development from labor and associated groups here in the U.S..

FDE has received a grant of \$100,000 from the Albert Shanker Institute of the American Federation of Teachers to conduct a series of dialogues and research programs on workforce development issues here in the U.S. This program will give us a wide range of contacts to draw upon for recruiting appropriate participants and in assuring a high-quality program at Esher House.

### *NEIS E-Bulletin*

The New Economy Information Service, a project of the Foundation for Democratic Education, has now published three issues of its electronic bulletin, which carries summary information on issues of workforce development and globalization, and references additional resources for the interested reader. This bulletin has been well received by its intended audience: we have had many requests from labor activists to be added to the mailing list.

The development of this list is a signal matter in its own right. It now comes to a few thousand names, and we have devoted considerable staff time to assembling it. Many on the list are there because of their influence in labor circles, not because they sympathize with our objectives. But the list also encompasses a substantial and growing number of readers who can be said to constitute, if only in its formative stages, a community of thought that shares many of our premises.

We need to work hard to sustain the quality of the Bulletin while also refining and expanding its circulation list.

### *Re-Designed Web Site*

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Our fund-raising efforts have finally begun to bear fruit. The road ahead is still difficult, but we now have possibilities for funding from mainstream philanthropic sources, from other labor sources, from business and from government that were unthinkable a year ago. Each step along the way is laborious—given the skepticism we naturally encounter both from those with doctrinaire free market values and from many on the Left. But events have given us an opening that we will strive to exploit.

## **About FDE**

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## **Staff**

Richard Wilson will serve as Director of this project. He is currently Executive Director of the New Economy Information Service and is on the Board of Directors of the Foundation for Democratic Education. He is former Director of Central and East European Affairs for the Free Trade Union Institute. Prior to that Mr. Wilson was National Director of Organizing and Field Service for the AFL-CIO. He also served as Associate Director of the National Committee on Political Education (COPE), the political arm of the AFL-CIO.

## **Budget**

We are respectfully requesting a grant from the Lynde and Harry Bradley Foundation of \$149,000 to FDE to implement its component of this joint program. This is, in effect, a renewal in the amount of last year's grant. We are confident of our ability to raise additional funds from other sources during the coming year. We already have some commitments. (See next page for detailed budget.)

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<b>TOTAL</b>	<b>149,000</b>
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Foundation for  
Democratic  
Education

## SUPPLEMENTARY MATERIALS

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TAB 3	NEIS E-Bulletins
TAB 4	NEIS Web site
TAB 5	Mentions and articles about FDE and NEIS and staff
TAB 6	IRS Tax-Exempt Ruling Letter
TAB 7	Audit and Sources of Income

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## **Foundation for Democratic Education, Inc.**

### **Examples of Recent Activities**

- \* FDE sponsored a seminar on May 29, 2001, in cooperation with the Albert Shanker Institute of the American Federation of Teachers, on "Unions and Workforce Development: An International Perspective." This event brought together some 40 policy-makers and practitioners from labor unions and related groups to compare experiences in the U.S. and in Europe on ways in which unions can use training, skills development, and partnership to strengthen unionism while also enhancing the productivity and competitiveness of the enterprises in which union members are employed. Among those who participated were President Sandra Feldman of the American Federation of Teachers and President Morton Bahr of the Communications Workers as well as a number of important members from European unions and institutes. (See TAB 2 for conference program and session summaries.)
- \* FDE is currently participating in the organization of a follow-up to this international seminar which will include a series of smaller seminars and meetings to bring together trade unionists, outside experts in training and education, policy-makers, and business leaders to explore ideas and techniques, culminating in another international seminar on workforce and professional development in June of 2002 at the Amalgamated Engineering and Electrical Union facilities in Esher, England.
- \* FDE staff has made three trips to Europe to meet with leaders of European trade unions and institutes to study ways in which European unions are addressing the challenges of the New Economy. Conversations and field trips have taken place with Raffaele Bonanni, Confederal Secretary of CISL and Ivan Guizzardi, President of ALAI (Temporary Workers Association) in Italy; Nikolas Simon, Secretary-General of Hans-Bockler-Stiftung, Dr. Ullenberg and Dr. Schabedoth from the DGB Bundesvorst, Dr Hans-Joachim Schabedoth from Deutscher Gewerkschaftsbund and members from IG Metall, and the Friedrich Ebert Stiftung in Germany; Sir Kenneth Jackson, General Secretary and John Lloyd from the AEEU, and President John Monks and Sarah Perman, from the Trades Union Congress in the UK.
- \* FDE has also solicited business views on union and workforce issues, meeting with representatives of Lucent Technologies, Southwestern Bell, Goodwill Industries, the National Association of Manufacturers, the Confederation of British Industries and the UK Department of Trade and Industry.
- \* FDE publishes a monthly e-bulletin, under the Editorship of Freedom House Senior Scholar Penn Kemble, which is distributed free of charge to interested trade unionists, policy-makers, government officials, journalists, academics, and others. This bulletin covers a wide range of issues that touch on globalization and the high performance work place. (See TAB 3 for recent issues of the bulletin.)
- \* The Foundation for Democratic Education manages the New Economy Information Service Web site ([www.newecon.org](http://www.newecon.org)) which provides a mixture of news, opinion pieces, and

documentation relating to Workforce Development and Globalization and Democracy. Regular users of the site include government officials, unionists, think tanks, university professors, news services, students, and businessmen. (See TAB 4.)

\* FDE hosts frequent seminars and conversations with figures who can contribute to dialogue about the direction of the labor movement. Some of these have recently included:

Danny Curtin, Legislative Director of the United Brotherhood of Carpenters, discussing the recent withdrawal of the Carpenters Union from the AFL-CIO.

Bill Cunningham, former Research Director of the AFL-CIO and currently a consultant to several unions including the United Brotherhood of Teamsters, the United Mine Workers of America, and the International Brotherhood of Electrical Workers, on issues dividing the labor/environmentalist coalition.

Tom Donahue, past President of the AFL-CIO, on labor's role in the anti-globalization coalition.

Lord John Gilbert, former Minister of State for Defense, on the struggles over defense policy in the British Labour Movement.

Paul Ameida, Director of the Department of Professional and Technical Employees of the AFL-CIO, on labor's cooperation with IT companies.

\* Representatives of the FDE and Freedom House attended the annual International Labor Organization General Board Meeting, in Geneva, Switzerland, and made a presentation on their activities to a Conference organized by the International Construction Institute

\* FDE and Freedom House representatives have been U.S. partners with the Friedrich Ebert Foundation in Berlin in developing a North/South dialogue about the relationship between democracy and economic globalization. Penn Kemble has made several trips to Berlin to plan seminars on October 26 and in March 2002. We have also helped them develop a web site ([www.demglobe.de](http://www.demglobe.de)) and organize an international internet dialogue on these issues. (See TAB 5 for a statement of rebuttal by Penn Kemble to Harvard Economist Dani Rodrik for this dialogue.)

\* FDE staff has prepared memoranda for Senators John McCain and Joseph Lieberman on how greater bi-partisan cooperation can be achieved to strengthen democracy and the market system abroad.

\* FDE staff are regular participants in an NGO task force of some twenty organizations that meets regularly to discuss strategy for promoting democracy and the market system.



## FOUNDATION FOR DEMOCRATIC EDUCATION

### Preliminary Income Statement FY 2001

FDE's fiscal year runs from December 1, 2000 to November 30, 2001, so we do not have a formal financial statement for FY 2001. The following is a preliminary statement, based both upon grants received and funds committed by November 30 of this year.

December 1, 2000 to November 30, 2001

Lynde and Harry Bradley Foundation	\$149,000
Albert Shanker Institute	\$144,920
Smith Richardson Foundation	\$ 57,189
21 <sup>st</sup> Century ILGWU Fund	\$ 40,250
 TOTAL	 \$391,359

## **FOUNDATION FOR DEMOCRATIC EDUCATION FINANCES**

### **SOURCES OF FDE INCOME FROM 1995 to 2001**

American Federation of Teachers  
Albert Shanker Institute  
Communication Workers of America  
J.A. Beirne Memorial Foundation  
Lynde and Harry Bradley Foundation  
National Endowment for Democracy  
Smith Richardson Foundation  
Twenty First Century ILGWU Foundation  
UNITE  
William Usery Foundation  
Westminster Foundation

THE FOUNDATION FOR DEMOCRATIC EDUCATION, INC.

REPORT AND FINANCIAL STATEMENTS

NOVEMBER 30, 1999

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*DRAFT*  
A Proposal to  
**The Lynde & Harry Bradley Foundation**  
on  
**NEW THINKING ON DEMOCRACY,  
PROSPERITY, AND LABOR**

Part II: Domestic  
from  
**The Foundation for Democratic Education**

October 2001

[ Note: This proposal describes the domestic component of a cooperative project being conducted by Freedom House and the Foundation for Democratic Education that seeks to engage the American labor movement with new thinking about critical issues. Freedom House is implementing the international component of this project. The rationale for the two projects is in many respects the same, although the activities each organization undertakes in the implementation will be different.]

**Summary**

The year-long cooperation between Freedom House and the Foundation for Democratic Education in exploring new ideas and building new relationships with forward-looking trade unionists has achieved more than we expected. A series of developments in recent months -- not least, the terrorist attacks of September 11-- has produced a new atmosphere in the labor world that, paradoxically, opens important opportunities. We have also succeeded in securing funding from labor sources -- funding that will strengthen our programs and, most importantly, our legitimacy.

We hope the analysis we have included with this proposal illustrates that some unwholesome ideas that had been gaining strength within the American labor movement have been set back by collision with hard-edged realities. This is a critical moment for establishing that there are alternative views and traditions to which union leaders can turn. Even though it may take time

for these alternatives to bear full fruit, what was fast-becoming orthodoxy in certain labor circles has been shaken. There now can be genuine debate. Healthy values and networks that support them can find room to grow.

Groundwork for expanding our cooperative project next year has been soundly laid. We are organizing a second international conference on labor's role in strengthening skills and productivity, sponsored and largely funded by a major British union. We will continue our NEIS news bulletin, which has found a receptive audience. We are especially eager to issue a series of papers on strategic issues, and, most important, to bring interested people from the labor world together for face-to-face dialogue about these issues.

We are requesting a second year of funding from the Bradley Foundation at last year's level. The following proposal outlines how our two organizations will divide the activities required to carry this project out. (As our analysis here argues, the relationship between international and domestic issues in the labor movement was amply borne out over the past year. The partnership between our organizations in addressing this relationship has been vindicated.)

## **Background**

Trade union membership in the United States grew rapidly as the U.S. entered World War II, and continued to rise into the early 1960s. But even though organized labor enjoyed considerable political influence during the Kennedy and Johnson presidencies, a gradual decline in the proportion of the total workforce holding union membership began as early as the middle of that decade. By the 1980s, a decline in the absolute number of union members had begun. (This, despite the enactment of government policies enabling large blocs of public employees to become union members, making public employees today about a third of total union membership.)

A number of explanations arose for this decline in union membership. Some ascribed it to the very success of unions. Employers realized that workers would organize unions when they were treated unfairly, and therefore introduced more respectful labor practices. Another factor: with labor's prodding, government took upon itself many responsibilities for safety, health, and legal protection that once had been the basis of unionism. Workers therefore saw less practical need to join a union.

Others saw the change in union membership as an inevitable consequence of the emergence of global labor markets, and the great advances made in manufacturing and information technologies. Some union leaders who hold this view may feel regret at the way these trends have played out. But they nevertheless accept such changes as the natural workings of a dynamic economy – a dynamic economy that in other times can operate to labor's benefit. They are looking for ways to assist union members in adapting to changing circumstances and maintaining their employability.

But there is a third group in the labor movement whose response to the New Economy has been more antagonistic. This group sees the decline in union membership as a consequence of deliberate policies developed by business leaders and their allies: policies that move jobs to low-

wage countries and that fight a no-holds-barred campaign against unions at home. More importantly, many in this group have been drawn to the view that unions have no alternative but to turn away from sectors of the American workforce that are engaged with and receiving benefits from the New Economy. Such benefits, in the view of these radicalized labor activists, are only temporary. The only course for those who are true to labor's mission is to forge alignment with poor and marginal workers here in the U.S. and abroad for an international campaign against corporate power.

Indifference toward the labor movement in America's elite media, the moderating presence of a Democratic Administration, and the reservations many unionists have about this more radical approach have masked the fact that since the end of the Cold War more radical elements have been gaining strength in the AFL-CIO. In fact, at mid-summer, 2001, these views could justifiably have been described as dominant in the AFL-CIO. But at the same time other values and strategic concepts were gradually stirring among trade unionists who are uncomfortable with the more radical perspective.

Even before the September 11 hijackers' attacks there were signs of growing tension in the labor leadership. The first was a decision by the President of the 500,000-member United Brotherhood of Carpenters, Douglas McCarron, to take his union out of the Federation. The Carpenters have been a very successful union, one of the few actually to have gained significant membership in recent years. McCarron's complaint was that although his union poured dues money into the Federation, it got little in exchange, either in services or successful organizing. The only visible effect was a growing headquarters staff, often drawn from outside the labor movement.

McCarron's departure brought into the open what had been only a whispered subject at the AFL-CIO's headquarters: despite effusive rhetoric about new energy and a commitment to organizing, the AFL-CIO has continued to lose members under President John Sweeney's leadership. (This, despite the fact that declining membership was Sweeney's issue in his campaign to unseat Lane Kirkland and Tom Donahue, his predecessors.)

The loss of the Carpenters was a huge blow to Federation finances, which were already in decline. It left a gaping hole in the Building and Construction Trades Department, long a mainstay of the larger organization. McCarron made no effort to offer his reasons for leaving to his colleagues, nor did he try to organize support for a change in direction within the Federation. Some who might have agreed with him saw this as irresponsible. But his resignation proved to be more than a flash in the pan.

McCarron soon brought together a number of his former Building Trades colleagues, the Teamsters, and the traditionally liberal Auto Workers for a White House endorsement of two Bush Administration proposals: drilling oil in the Arctic National Wildlife Refuge and preventing greater fuel restrictions on trucks and SUVs. This was no fleeting coalition: it was a declaration by important unions in high-energy sectors of the economy that they would no longer acquiesce in the alliance of labor and environmentalists that had set the tone of labor politics since the Clinton-Gore era. (Our Director has a close relationship with key staff in the Carpenters Union and the Director of the ad hoc group of pro-energy unions.)

The initial response to this dissent over environmental issues was that the dominant group in the AFL-CIO leadership veered even more sharply toward a radical stance. Some in labor and among its allies had been pressing the AFL-CIO to become more deeply involved with the "anti-globalization movement": a collection of Left and liberal cause groups that has organized demonstrations at meetings of the World Bank, the World Trade Organization, and the International Monetary Fund. A major demonstration was planned in Washington during the late September meetings of the Boards of Directors of the IMF and World Bank. Last June, soon after McCarron's defection, AFL-CIO President Sweeney agreed to throw labor's numbers and financial support behind this march.

The AFL-CIO has traditionally organized its own demonstrations, and has been careful to control the demands, speakers program, and tactics at such events. The Federation at first demanded no such role in endorsing this anti-globalization march. But as information about the extremist character of previous marches in Quebec City and Genoa spread through AFL-CIO ranks, President Sweeney was obliged to back away. By August 2001 he announced that the AFL-CIO would hold its own events during the September 29 week-end, and that it would also organize a marshal's corps to discourage any who sought violence

Despite this, groups such as the Mobilization for Global Justice, the Anti-Capitalist Convergence, and other march sponsors were ecstatic over the AFL-CIO's willingness to support them. In their view, they had broken through to a mass constituency, heralding a re-birth of the kind of Left that passed from the scene at the end of the Cold War.

Then came the hijackers' attacks on the Pentagon and the World Trade Center, and a spasm of disorientation in the radical anti-globalization movement. Many on the Left saw the attacks as punishment for America's sins. More than a few union staff may have shared that judgment, but the vast majority of union members were clearly horrified. Their heroes were the rescuing police and firemen, and the thousands of union construction workers who rushed to Ground Zero without pay to help. Few AFL-CIO members would have been pleased to see their organizations endorse a march where participants provoke police and shout epithets at elected leaders. The new alignment of labor and the renascent Left was shattered. (Our staff prepared materials for AFT President Sandra Feldman, who took the lead in pressing reluctant elements on the AFL-CIO Executive Council to support the President's declaration of war on terrorism.)

The change that followed the terror attacks may have more important effects on organized labor's domestic orientation on the AFL-CIO's policies in international affairs. The attraction of the anti-globalization movement was in no small part due to the role some imagined this movement would afford a particular group of American union leaders and activists. Those urging this new internationalism of the disaffected had grown cynical about the prospects for organizing significant numbers of America's New Economy workers into unions or associations.

Like the student radicals of the 1960s (and quite a few *were* student radicals in the Sixties) the anti-globalization activists in labor have a fascination with those at the farthest margins of the American economy. They see potential in anger and resentment they believe to be widespread among the poor, recent immigrants, working mothers, and those working at unskilled jobs who have little prospect of moving up. They may sometimes even concede that this sector of

American society does not have the capacity to exert major political or economic influence on its own. But it could have exciting potential if it could be shaped into the American contingent of a worldwide movement of the poor and oppressed.

The terrorist attacks on September 11 brought down this political construct just as surely as they brought down the twin towers of the World Trade Center. Many of labor's putative anti-globalization allies have shifted their energies into the "peace movement." But American workers and the majority of union leaders will be more concerned with the struggle against al Qaeda and its friends than with the struggle against the evils of capitalism. The dream of a new global radicalism that can mobilize against the injustices of the global economy has, at least for the time being, disappeared into the smoke.

Nevertheless, this turn of events might be a positive thing for American labor. It opens the door to the exploration of neglected ideas and traditions that have always been important both to the internal strength of unionism here at home, and to our public's support for it. If a disruptive movement of "the wretched of the earth" holds little promise for American labor, there are other prospects. There are even benefits that unions can offer that can actually be provided during times when higher wages and shorter hours may prove difficult to bring home from the bargaining table.

Not only are there some promising ideas about such alternatives: many unions already have substantial programs and capable staff at work in a field that can serve as the foundation for an alternative strategy. This is the area that many call "workforce development": the efforts made by unions and related associations to define marketable sets of skills and to assist members and recruits in mastering those skills.

The development of skills and professional competencies is one of labor's principal but often neglected roles. Large-scale training programs, often conducted in cooperation with business or government-financed educational institutions, occupy thousands of people and expend millions of dollars. This work is collaborative, not confrontational. It lacks the drama of strikes and protest rallies. It gets scant attention from a sensation-craving press or from university-based labor intellectuals searching for artifacts of class struggle. But poll data and the experience of seasoned union leaders support the case that the development of skills and marketability are one of the primary reasons workers join unions, and one of the most appreciated membership services that hold them there.

Trade unionism in America began in the skilled crafts, where systems of apprenticeship and levels of mastery were established to set pay scales and organize production. These concepts were soon taken over by railroad workers, the maritime trades, the garment industry, and other more industrialized sectors. When unions tried to engage workers in the health care and education fields, they soon discovered that training and skills certification are of central concern.

It is noteworthy that unions in some other countries have taken up a role that American unions pioneered and turned it to advantage, even as Americans have flirted with a political approach that is losing favor in Europe. The principal labor movements of Britain and Germany, long under socialist leadership, have broken away from this tradition and are seeking partnerships



with business and government to strengthen the quality and productivity of their workforces. In their view, only if unions help employers meet the challenges of global competition can the social benefits that Europe provides be sustained. The new leadership of the AFL-CIO has not been attuned to this message, but its current impasse may bring a rekindling of interest.

Informed observers of the American labor movement believe that ferment about the issues noted here may emerge at this year's December convention of the AFL-CIO. We propose to engage this new thinking in several ways.

## **2002 Program**

### *Esher House Seminar*

The Foundation for Democratic Education will assist Freedom House in organizing an Esher House International Seminar on Workforce Development, as it did in assisting with the initial meeting held last Spring in Washington. Our role will be to help recruit appropriate experts in workforce development from labor and associated groups here in the U.S..

FDE has received a grant of \$100,000 from the Albert Shanker Institute of the American Federation of Teachers to conduct a series of dialogues and research programs on workforce development issues here in the U.S. This program will give us a wide range of contacts to draw upon for recruiting appropriate participants and in assuring a high-quality program at Esher House.

### *NEIS E-Bulletin*

The New Economy Information Service, a project of the Foundation for Democratic Education, has now published three issues of its electronic bulletin, which carries summary information on issues of workforce development and globalization, and references additional resources for the interested reader. This bulletin has been well received by its intended audience: we have had many requests from labor activists to be added to the mailing list.

The development of this list is a signal matter in its own right. It now comes to a few thousand names, and we have devoted considerable staff time to assembling it. Many on the list are there because of their influence in labor circles, not because they sympathize with our objectives. But the list also encompasses a substantial and growing number of readers who can be said to constitute, if only in its formative stages, a community of thought that shares many of our premises.

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