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Job Growth, Unemployment and Wages through Mid-Year 1999

by Gregory DeFreitas

The first half of 1999 closed with the nation marking its 99th month of economic expansion and with New York City belatedly climbing back to its pre-recession job levels. Rapid growth in the city's job count occurred over the same period that its official unemployment rate was dropping below 7 percent for the first time in a decade. However, it appears that most of the local unemployment decline was the result of city residents dropping out of the ranks of unemployed jobseekers, rather than acquiring new employment. The welcome increase in New York's job opportunities has, at least in recent months, largely benefited commuters and multiple jobholders rather than jobless New Yorkers. In contrast, Nassau and Suffolk counties' even faster job growth has been generating comparable increases in labor force participation and in the number of employed Long Islanders. Among the principal sources of concern over the sustainability of the region's job gains are mounting real estate cost pressures on city-based firms and the deterioration of Nassau County's financial problems.

Job Growth

New York City's 3.6 million job total at mid-year represented a jump of 74,400 over the preceding 12 months. In no summer since 1989 has the city produced more jobs. The city' economy's rapid growth has finally enabled it to climb almost back to its pre-recession peak (See Figure 1). This 2.1 percent growth rate well exceeded the state average (1.7 percent) and nearly matched the national pace (2.2 percent).

An industry-by-industry analysis of NY State Labor Department data reveals that construction again had the fastest job growth rates, both in the city and the suburbs(Figures 2 and 3). Thanks to a continuation of new hotel-building and office and residential construction and renovation, the industry added 6.1 percent more jobs downtown over the year through June. However, this fast pace only translated into a net addition of 6200 jobs. In contrast, the huge service sector generated 59,000 more jobs over this same period, which alone accounted for over three-fourth's of the city's entire job growth. Within the broad sector, the largest gains were in business services (+22,900 jobs), health (+8500), motion pictures (+7400), and socail services (+5200). Rising college enrollments were reflected in an additional 2500 professors and other staff on local campuses. Wall Street brokerages and the

boom fueling the latter's current expansion is driving ever more manufacturers, including those with products now much in demand, out of the city and the region.

Government was the other main sector with a net decline, falling by 1000 jobs from the mid-'98 level to a new total just shy of 556,000. While elementary and secondary school hires were up by 3700, this was more than offset by cuts in other local government positions as well as in both federal and state offices. If the public sector is excluded from the job figures, private sector job growth over the last 12 months was a healthy 2.5 percent.

It is important to keep these most welcome improvements in the job count in perspective. Over nine years after the end of the last national recession, the city is only now managing to generate the number of jobs it held a decade ago. In fact, as of mid-summer, the job tally was still some 30,000 short of the 1989 peak, which was itself some 200,000 less than the 1969 level. The costs of this glacial recovery in long spells of joblessness and income losses were, for many New Yorkers, enormous. Moreover, while the current job totals approach those of the late eighties, the relative quality and income prospects of many of the new jobs, their dependence on the fickle fortunes of Wall Street and of tourist trends, the smaller numbers with collective bargaining rights, and the large share held by commuters rather than city residents remain subjects of considerable debate.

Over the same period, Nassau and Suffolk counties added another 28,200 net new jobs. Like the city, Long Island's leading growth industry over the past 12 months was services, though its 12,400 new jobs accounts for a smaller share of total job growth (50 percent). The strongest hiring was in health services, which grew by 1600 positions, followed by social services (+1500), and education (+1300). The construction boom continues, generating 5300 new jobs (+9.6 percent) over the year. More signs of strong consumer demand were evident in wholesale and retail trade, which pushed their job totals up by 4100. The public sector also expanded by some 4200 jobs, thanks to new hires in elementary and secondary schools, as well as 1700 additional state jobs. But, manufacturing remained relatively flat; only electronics. chemicals and allied products expanded, by about 800 jobs.

Unemployment and Underemployment

New York City's unemployment rate averaged 7.1 percent in the first half of the year. It fell from nearly 10 percent in the first half of 1997, to 8.3 percent in early 1998. From March through June the rate (seasonally adjusted) has stayed below 7 percent – the lowest levels the city has seen since the summer of 1990. Over the June-to-June period, both the jobless counts and the unemployment rate fell in all five boroughs. The 7.6 to 7.9 percent rates in Brooklyn and the Bronx are, however, still far higher than the sub-6-percent rates in Manhattan, Queens, and Staten Island. And the city's seasonally adjusted jobless rate rose three-tenths of a percentage point from May to June, though month-to-month changes are often unreliable long-term signals.

Does the lower unemployment rate actually reflect increased job holding by New Yorkers? This is not a simple question to answer, since the job tallies collected by the Labor Department come from establishment surveys that record the location and number of jobs, but not the residential or demographic characteristics of each firm's employees. On the other hand, the monthly Current Population Survey asks household members directly about their age, race, sex, current employment, and residence, but does not match this individual information to the establishment data on jobs. Attempts to do so, while necessary, need to be recognized as approximations.

The latest CPS household information on the numbers of local residents employed and unemployed is presented in Table 2. Clearly, the number counted as unemployed dropped (by over 34,000) over the same 12

months since June 1998 that the unemployment rate fell (from 7.5 to 6.6 percent). But the number of city residents employed was unchanged at 3.18 million. The decline in the number reported as unemployed thus

Table 1

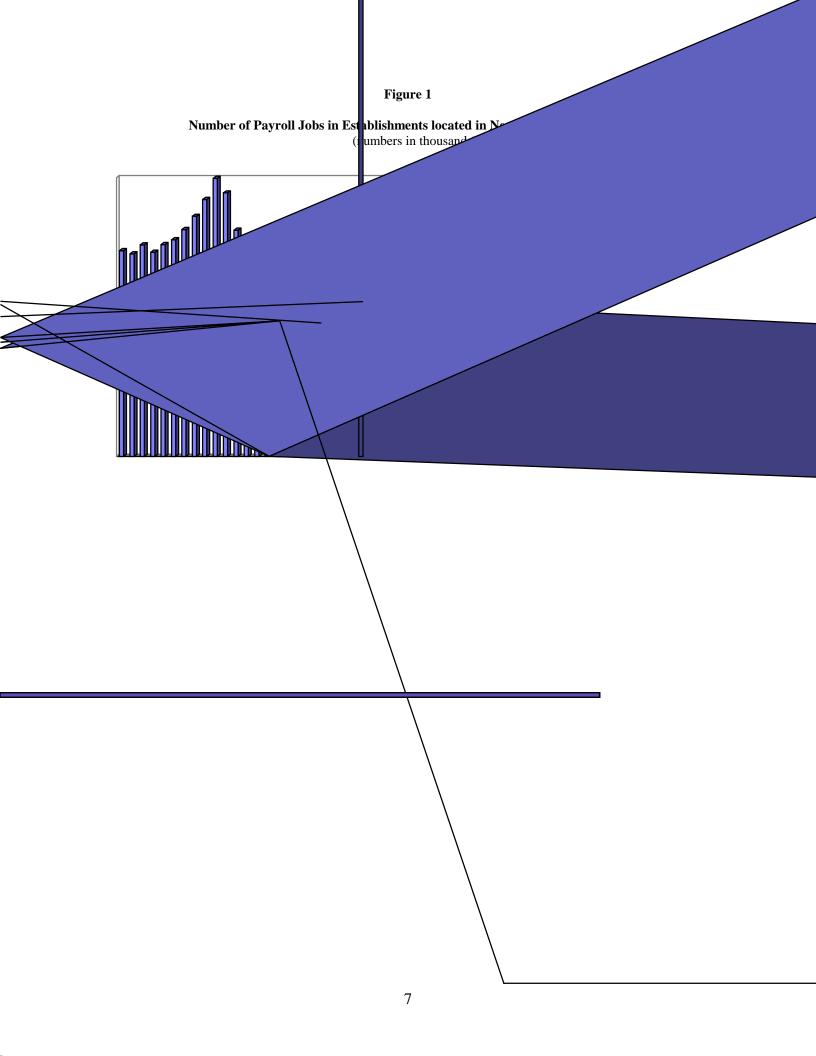
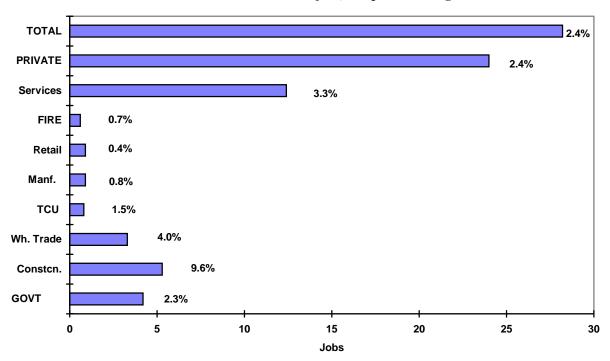


Figure 3 Nassau-Suffolk Job Growth by Industry: June 1998 - June 1999 (in thousands of jobs, and percent change)



Source: NY State Department of Labor, 1999 FIRE = Finance, Insurance, Real Estate; TCU = Transport, Communications, Utilities. Year-to-year changes, not seasonally adjusted.

Table 3
Unemployment, Employment & Underemployment Rates, by Sex, Age, and Race/Ethnicity:
New York City, Nassau-Suffolk, and Other Large U.S. Cities and Suburbs, 1999:I

Unemploy. <u>Rate</u>	All Ages 16 & Up	Males	Females	White, Non- Span	Black, Non- Span	Spanish Origin	Teens, 16-19	Foreign Born
NYC	7.3	6.7	8.1	3.5	12.5	10.3	26.2	7.1
Big Cities	6.0	5.6	6.5	4.2	9.4	6.2	21.8	5.6
Nass/Suff.	2.8	3.1	2.5	2.1	4.4	7.4	7.8	5.6
Suburbs	3.9	4.1	3.6	3.4	6.3	6.1	13.0	5.0
% of Pop. Employed								
NYC	54.0	62.8	46.4	58.3	49.4	48.9	20.7	56.4
Big Cities	62.9	70.5	55.8	66.5	56.1	64.2	31.6	62.3
Nass/Suff.	65.4	72.2	59.7	65.6	69.4	64.8	49.3	61.4
Suburbs	66.0	73.6	59.4	66.2	66.9	66.3	44.7	64.4
Underemp. <u>Rate</u>								
NYC	12.2	11.2	13.4	6.1	20.1	16.8	40.9	11.9
Big Cities	11.1	10.4	12.0	7.9	16.4	12.8	35.1	11.6
Nass/Suff.	5.0	5.0	5.1	4.2	4.4	12.3	12.4	8.2
Suburbs	7.2	7.2	7.4	6.2	11.5	11.5	20.6	9.7

Figure 5 Earnings Changes for Nonsupervisory Workers, by Education Level, All U.S., NYC and Nassau-Suffolk, 1998:Q1 – 1999:Q1 (% Change in Average Weekly Earnings, inflation-adjusted)

Source of Figs. 4 & 5: Calculations of Jan. – March monthly CPS data files. Sample includes only nonfarm employees ages 18 and over, not enrolled students, in non-managerial or supervisory jobs.

Gregory DeFreitas is Professor of Economics at Hofstra University and Director, Center for the Study of Labor and Democracy

NOTES

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NYC Office of the Comptroller, "NYC's Labor Force Challenges," Economic Notes, Spring 1999.

"NYC Office of the Comptroller, "NYC's Labor Force Challenges," Quarterly Wage and Employment Series, Economic Policy

Recent Trends in the Gender Pay Gap in the New York Metropolitan Area

by Niev Duffy

Few issues over the last half century have been more controversial than the debate surrounding gender pay equity. But what exactly is pay equity and how far have we come towards achieving it? What has happened to the wage gap and does achieving pay equity mean eliminating the wage gap completely? How does the New

In 1995, the average woman working full-time, year round made only 71 cents for every dollar earned by men. Economists estimate that between a quarter and a third of this gap in earnings is due to differences in personal characteristics, such as education and work experience, that affect worker productivityⁱⁱⁱ. Though, on average, women's educational attainment is now very close to that of men (and exceeds male education in some occupations), women's work experience still tends to lag considerably behind men's. This is primarily due to women's lower rates of labor force participation during their childbearing years. This lower work force experience translates into a substantial reduction in earnings.

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Given the slide i	n median male e	arnings during tl	he 1990s, it is	difficult to say v	whether or not there ha

Taking a look at real earnings growth within occupations yields interesting insights into the widening gap in mean earnings between men and women on Long Island. The two occupational groups experiencing the most rapid rise in incomes were Administrators/Managers and Professionals. While male incomes in these occupations rose rapidly on Long Island during the 1990s, women in these occupations experienced no such gains (see Figure 4). As a consequence, the associated earnings gaps rose dramatically. In fact, women in these occupations make half or less of male earnings (see Figure 5). Since, on Long Island, the proportion of male and female workers employed in these occupations is large (32% and 40%, respectively), and mean incomes have been relatively stable for men and women in other occupations, the growing inequality in mean earnings is likely to result from differing rates of income growth within occupations, rather than across occupations.

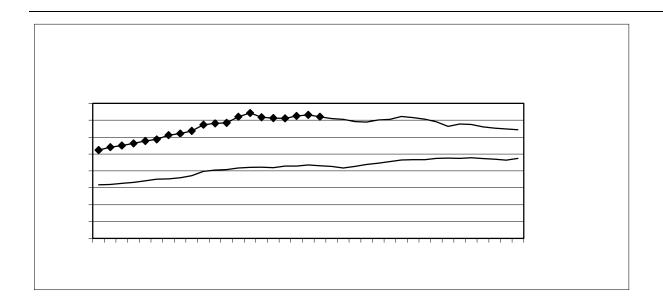
It is generally accepted that increasing educational attainment is the best way to raise earning potential and reduce pay inequality. To the extent that women's educational attainment is not rewarded at the same rate as men's, women's potential for economic advancement is limited. Surprisingly, while the earnings of men with college and graduate degrees on Long Island have been rising in recent years, this has not been the case for women. As a result, the gap in earnings has increased most rapidly for female workers with higher levels of education (see Figure 6). The same trend occurred in New York City and the United States, though it was somewhat less pronounced. By 1997 full-time year round working women with college and graduate degrees made less than half that of their male counterparts.

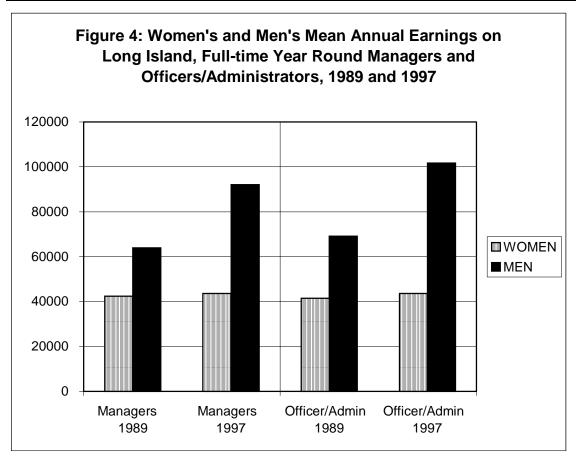
Summary

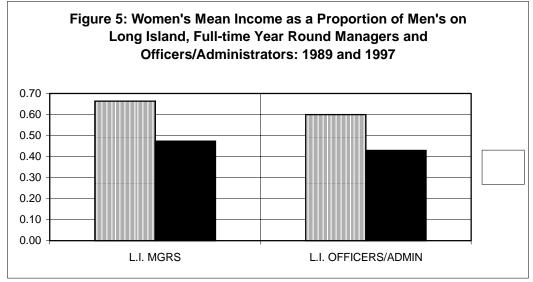
Given the slide in average male earnings during the 1990s, it is difficult to know whether or not the decline in the median wage gap in New York City and on Long Island reflects an improvement in women's earning potential relative to men's. In fact, it is possible that women are more sheltered from the earnings squeeze simply because they are already compensated at a lower rate than their male counterparts. The real test for progress in pay equity will be whether or not the earnings gap continues to decline when median real earnings begin to rise again.

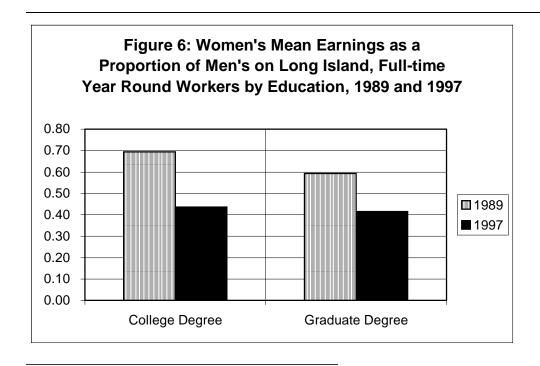
Evidence from those sectors of the labor market that are experiencing wage increases suggest that the answer to this question may be no. On Long Island, mean earnings have been rising substantially for workers with college and graduate degrees, and those in professional capacities such as officers/administrators and managers. While the real earnings of men in these capacities have been rising rapidly during the 1990s, their female counterparts have experienced little or no average gain in earnings. The same is true to a somewhat lesser extent in New York City, and in the U.S.

The last two decades have led to dramatic increases in earnings inequality in the New York Metropolitan area, and in the United States as a whole. Though average or mean real wages have continued to rise, as a relatively few high skill workers have experienced rapid earnings growth, most Americans have been paid less









Niev Duffy is an Assistant ProB_

INTERVIEW

Human Rights, Foreign Workers, and American Unions: A Conversation with Charles Kernaghan

by Gregory DeFreitas

Charles Kernaghan has been dubbed "the labor movement's mouse that roared" by the *New York Times*. Since 1990, he has led the National Labor Committee. Based in Manhattan, the NLC is an independent, non-profit human rights organization that has been at the forefront of recent efforts to challenge the poor wages, working conditions, and labor rights in the foreign factories of a number of prominent U.S. corporations. Among the most publicized of these have been: its 1992 report revealing the millions of U.S. tax dollars financing the flight of U.S. corporations abroad; its 1996 expose of child labor and sweatshop abuses in Honduran factories producing Kathie Lee Gifford's clothing line for Wal-Mart; and its current national campaigns for fully independent monitoring of U.S. corporations' factory conditions in Central America, the Caribbean, and Asia.

Educated at Loyola University (Chicago) and the New School for Social Research, he has taught at Duquesnes University and at SUNY's Harry Van Arsdale Labor College. He also worked as a cab driver, photographer, carpenter, and shop steward (Carpenters' Union Local 608).

Last December, following a talk at Hofstra University, he spoke with Gregory DeFreitas. Charles Kernaghan has been dubbed thelabormovement's mouse that roared by the *New York Times*. Since 1990, he has led the National Labor Committee. Based in Manhattan, the NLC is an independent, non-profit human rights organization that has been at the forefront of recent efforts to challenge the poor wages, working conditions, and labor rights in the foreign factories of a number of prominent U.S. corporations. Among the most publicized of these have been its 1992 report revealing the millions of U.S. tax dollars financing the flight of U.S. corporations abroad; its 1996 expose of child labor and sweatshop abuses in Honduran factories producing Kathie Lee Gifford's clothing line for Wal-Mart; and its current national campaigns for fully independent monitoring of U.S. corporations' factory conditions in Central America, the Caribbean, and Asia. Educated at

staff around them broke with the AFL-CIO over South Africa, Central America, and the Caribbean. They didn't want to side with the Contras. The AFL-CIO was raising money for the Contras and supporting the military in Guatemala and El Salvador. The National Labor Committee really started out as a group inside the AFL-CIO that opposed the AFL-CIO being a rubber stamp for the State Department. The AFL-CIO at the time took \$33 million a year from the U.S. government, mostly from USAID. Obviously, every single cent of foreign affairs money for the AFL-CIO came from the State Department, which is why the AFL-CIO supported the Vietnam War, supported the invasion of the Dominican Republic, supported the coup in Guatemala – you name it. This was the first break. So what happened was after the peace accords were signed in Central America, after years of US policy supporting the war and the military and the deaths of trade unionists and nuns and priests and peasants, at that point we had the choice to shut the committee down. I had joined the committee in 1987, and many people said to us, "Congratulations! You won. You helped change the AFL-CIO, you have the peace accords in Central America." They said, "Let's shut the committee down and just hold on to the stationery and if we ever need it again we will resurrect it." What we decided to do was take the committee and make it an independent human rights group, one that focused on worker's rights issues.

Q: How did you initially get involved with the National Labor Committee?

CK: What I was, was a professional student. I went to school at the New School for Social Research and I studied psychology and I got a Master's Degree in Psychology. Then I went to study Phenomenology at Duquesnes University in Pittsburgh and I taught Psychology there. Then I ended up studying Anthropology, and it dawned on me that I was petrified that I would actually graduate and have to work. Not "work" work; I didn't want to teach. I didn't want to come right out of graduate school and end up teaching. I wanted to have some experiences.

So I dropped out, and drove around Pittsburgh looking for a place to live and ended up finding this little town of Ohiopile of 47 people. It was on the border of W. Virginia, Maryland and Pennsylvania. It was beautiful and I knocked on people's doors and found someone who would let me live in the town. At first they were all extremely nervous. Maybe they at first thought I was a nut, then they thought I was going to work on the road crew. I found a house where I could live there for \$6 a week. It was this beautiful old house and so I retired very young. I sat in the backyard and read and read and read. I dragged a picnic table into the woods and tried to learn to write. I stayed there for eight months and then came back and decided to become a photographer, which was what I always liked. So, I set up a dark room in my apartment and taught myself photography. And of course, you couldn't make a single cent, so I did construction work, drove a cab, moved furniture, that sort of thing for a number of years. Actually, as I look back upon it, it taught me how to do the work more than anything else. The two things that taught me were that and photography. How do you make a picture have sound, emotion and feeling? That struggle taught me how to write press releases and everything else and how to write reports. Working in construction for a number of years taught me everything about how real people live and what they think and what stuff means to them. When I was going through it, to me, it was torture. I did construction work for four years and sometimes I just felt like I was dying, like I was trapped in a dead end. In retrospect, these were the most valuable experiences of my life.

So, in this jumping around in photography, working to make enough money to go back to the photography, I was asked to go to Central America on an international peace march. -- the first international peace march. It was largely religious people from the United States and from Europe. A former missionary from California, Blaise Fontaine, asked me if I would go on this march, so I went as a photographer. I remember what Jean-Paul Sartre said: that when you go out of the motherland, like to the colonies, you begin to see your own country like you had never seen it before. When I went to El Salvador and we were in this peace march, I was assigned to a trade unionist who was under death threats because he had joined the peace march. In the period I was assigned to protect him, through a translator he told me the whole story of the union. How six people had been killed by the death squads. He took me to the prison where kids of the union leaders were

Q: What are the other major churches?

CK: On our board is the head of the Women's Division of the Methodist Church. They have really long titles like the United Methodist General Board of Global Ministries Women's Division. We work really closely with

CK: When we did the "60 Minutes" story around USAID, it was a mistake. I always say I went into this work by mistake. And almost everything we have done is by mistake. So much of the work is luck. It's not that it is not hard work. I work seven days a week, and you are constantly thinking of strategy and you are constantly pushing and pushing. But, you are dependent upon other people making mistakes and you are

I went to Washington to give a talk. I get done with the talk and I'm leaving Washington. My credit card was used up and I'm trying to get on the shuttle to go back to New York and they won't take my credit card. I call the office and Barbara [Barbara Briggs, of the NLC staff] says to me that Clinton wants the whole report faxed to him. He didn't take it to Louisville or something like that and he is getting ready to do a debate. And I had the materials that he wanted with me and I'm stuck in Washington, unable to get to New York and the debate is several hours away. I'm begging them to clear the credit card. I ended up getting my sister to help clear the card. It's all been a mad dash like that. The Clinton Campaign used our stuff. Al Gore was on the Donahue program and he had my report folded up and was reading from it. But after that, after the election, they went right over to the NAFTA agreement and negotiated those weak side bars. It was nothing we would ever accept and we were immensely disappointed.

CK: Yes, absolutely. I think Sanders is brilliant. He is among the top people in Congress that we frequently consult with. We are very interested in what his perspective is. He has been an enormous help. He is one of the people that you really can call and get good advice on how to move things politically. What is and what is not possible. For an independent with a so-called small base, he has a great sense of strategy. Of course he is also a human being and not a politician. We released our China Report with him and many people told us that he wasn't high enough to do this. We had a press conference at the Capitol and we released our China Report with Bernie Sanders and Nancy Pelosi. And the media were beating themselves to death to get into the room. The press room was so mobbed, yet the press experts were telling us that: "You don't deal with Sanders. You don't deal with people like that." He's great.

That kind of legislation is, of course, 100% parallel with what we are trying to do. We've taken a little tiny niche which would be popular campaigns. What was missing from this whole equation was everyday people. Real people's voices were not being heard. Obviously, people in the United States are not at the table to discuss what kind of an economy we are going to be or what kind of a society we are going to become. We saw our role as bringing the American people into this debate over sweat shops and child labor and what role should the American companies be held accountable to, what is a fair wage. And then we went a few steps further. We can win people's hearts and minds over the issues of child labor and starvation wages, but then we could go one step further. We could say we lost all these hundreds of thousands of apparel jobs and manufacturing jobs in the U.S. Of course, when you come back to a job, you come back to less benefits and lower wages. But suppose your job relates to exports and you will be exporting to Haiti. How is someone there -- making \$0.28 an hour, raising her children on sugar water because she can't afford to buy milk – how is that person going to be able to buy anything made by the United States? People start putting the whole picture together. Then we say, in the United States, 10% of the retail price of a garment is labor. The markup in the United States is 100% when it goes from the manufacturer to retail, what happens when it goes offshore? The companies reduce the cost of labor to almost nothing. From 10% to almost 4/10 of a percent. So they wipe out the cost of labor and what happens to the markup? The markup becomes 600, 700, 1000%.

I think the most important thing is to write the stuff in a language that real people can understand. That's why we use a lot of anecdotes and props and things like that. I believe that people can be brought into the issue. I think they want to be brought into the issue. I think they want to do the right thing. No one has ever given them the chance before. No one has gone out there with the material in a way they could understand and understand the impact on their own lives. Therefore, I think that this issue of worker's rights, as marginalized as it is now, can become one of the most important human rights. Because it is not only morally the right thing to do, it is also your own job that is at stake.

Q: Do you see much chance that this might emerge as an important issue in the year 2000 elections? Or do you think the politicians have moved away from it now and it is more a matter of the people?

CK: Yes. I think it is in the hands of a social movement. The politicians have moved away. Especially with the economy doing relatively well -- not for working people and certainly not people working for Wal-Mart and that sort of thing. Certainly, though, there is this image that the economy is holding down inflation, low unemployment, plenty of money is around, average wages have gone up. Of course, the average wage means absolutely nothing, but average wages have gone up. People have been bamboozled and people who have been marginalized from the debate have been marginalized in the mainstream media. I think the struggle for the future is really out there, in the community. I'm not so interested in solidarity groups anymore. Sitting around talking to the converted, talking to each other. I think we need to take the movement right out there. Right into union locals and synagogues and parishes. Right into high schools, grammar schools and universities. The most important thing is right in the heart of the community and that is where I think this movement can become a national movement. But we have to get out there to talk to real people in real communities.

BOOK REVIEW

From the Ashes of the Old: American Labor and America's Future restricted to high-skilled job categories, but in Chapter 6 he says that there is an oversupply of professionals. And even fast food and service employers have to pay unskilled workers higher hourly wages today as the unemployment rate edges downward. Still, his larger point is valid: the economic boom of the 1990s has not trickled down in any way that might alleviate the structural problems of inequality. The gap between rich and poor, already the widest of any industrialized nation at the start of the decade, has only gotten wider. The real impact of the unraveling of the social safety net is yet to be felt. What social costs will our society incur when, inevitably, the boom ends? Aronowitz recommends a three-prong strategy for labor: it must fight for an increase in the minimum wage, press employers to create more full- time jobs, and organize the working poor.

Aronowitz notes that white-collar workers are ripe for organizing. Like their blue collar counterparts, they face occupational safety and health problems that unions could address as organizing issues. Office workers using video display terminals (VDTs) face an array of problems including repetitive strain illnesses -- such as carpal tunnel syndrome, technostress, and vision problems. Many are women and minorities who are underpaid and subject to arbitrary abuse by management. Public sector clerical workers have proven their desire to organize, yet their private sector peers have long been neglected by unions. Aronowitz is on target here, but it would have been interesting to see him sketch out his thoughts on strategy in greater detail. A decade ago, Long Island labor won a stunning victory by persuading Suffolk County to pass the nation's first law protecting both private and public sector VDT workers. Although it was overturned by the courts on a legal technicality, the coalition that made it happen could serve as a model for future lobbying campaigns. The AFL-CIO has yet to make a full-scale effort to organize clerical workers and they should be one of its highest priorities.

Knowledge workers, such as professionals and managers, should also be as a prime part of the AFL-CIO's organizing strategy. Aronowitz cites three trends that make organizing them a more likely prospect than in the past: more professionals are becoming salaried employ their downpraectose in turO hasstrages oA devisio making autronmoy

those who want to take stock of where organized labor's been, the problems it presently faces, and the challenges it will confront in the next century.

Vernon Mogensen is Assistant Professor of Political Science at Kingsborough Community College, CUNY. He is the author of *Office Politics: Computers, Labor, and the Fight for Safety and Health* (Rutgers University Press).

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