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***The Boom Breaks Records, but So Does Inequality:
Recent Trends in Job Growth, Unemployment, and Wages***

by Gregory DeFreitas

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since March 1991 has been 18 percent, still well short of the 25 percent rate in the 1960s, and of the 22 percent rate in the 1980s. Unemployment has not fallen as quickly, nor to the same low level (3.4 percent) that it did in the sixties. Both GDP and average family income rose far more slowly in the 1990s, and most workers' wage and salary levels have still not recovered (after inflation adjustments) the peaks they reached in the early 1970s. And earnings and wealth inequalities have become far worse in recent years than three decades ago.

Should interest rates be pushed so high in coming months that sectors like housing, manufacturing, and securities are harmed, the New York metropolitan area could be particularly affected. New York City still has the highest unemployment rate among major cities and has only in the past year managed to recover the job total it had before the last recession. Only 54 percent of the city's adults and one-fifth of teenagers hold jobs, far below national norms. New findings show that the average real incomes of middle- and low-income workers in the region are still lower than a decade ago, and one-fourth of the population remains below the poverty level. The region's recovery has depended heavily on the income growth and consumer demand fueled by Wall Street prosperity. Concern for this and other interest-rate-sensitive sectors were cited by the city's Comptroller's Office in its December projection of much slower local growth in the coming year. The annual rise in Gross City Product is expected to fall from 5.9 percent in 1999 to just 3.5 percent in 2000, and job creation is predicted to drop sharply to 55,000 for the entire year.¹

The Fed's rate hikes thus seem to many premature, an unnecessary threat to the continued expansion and particularly to the wage prospects of low-wage workers. According to the Economic Policy Institute: "The Fed's action risks higher unemployment, increased housing costs, and will weaken the bargaining power of low- and middle-income workers, whose wages – after stagnating for most of the 1990s – have been rising recently because of tight labor markets. By raising the value of the dollar, higher interest rates will also aggravate our huge trade deficit, destroying more manufacturing jobs."²

Job Growth

Among the 272 metropolitan areas for which December payroll data were available, the U.S. Bureau of Labor Statistics reports that the New York City region had the second largest jobs increase (105,600), behind only Atlanta, Ga. (113,600). 241 had over-the-year increases in employment, 29 had declines, and 2 had no change. Still, in percentage terms, New York's increases were far behind the leaders: Las Vegas, Nev. (6.2 percent), Tucson, Ariz. (5.4 percent), and Tampa-St. Petersburg-Clearwater, Fla. (5.3 percent).³

New York City's 3.7 million jobs total at year's end represented a jump of 92,100 over the preceding 12 months (Table 1). This 2.5 percent growth rate surpassed both the state (1.9 percent) and the national pace (2.1 percent). The city's private sector alone accounted for 87,800 of all the new jobs, representing a 2.9 percent sectoral increase.

Taking a closer look at the specific sources of these new jobs reveals that two-thirds of them (63,000) were in service industries (Figure 1). Of these, most were in business services (+26,700), health services (+8300), and motion picture production (+5200). Retail trade continued to add jobs to meet the tourism and consumer spending boom. Of its additional 14,800 positions, 6000 were in restaurants and bars. Construction continues to post the highest growth rate, as another 7900 jobs raised employment over the 12-month span by 7.5 percent. Finance, insurance, and real estate (FIRE), the highest income industries, were again among the weakest in job growth

Unemployment and Underemployment

The New York City metropolitan area managed to post the largest reduction in its unemployment rate (-1.6 percentage points) of the country's largest metro regions (the 51 with 1 million or more population). Despite the improved unemployment numbers, New York's rate is still 1.7 percentage points above the national average and New York again ranks as the worst metro area in the nation in unemployment, in a tie with Los Angeles at 5.2 percent.⁵

New York City's unemployment rate averaged 6.8 percent in the past year. It fell from 7.7 percent in the first 3 months of the year to 6.3 percent in the last quarter.⁶ Every section of the city shared in this improved job picture, particularly Brooklyn and the Bronx. The 6.8 percent December rate in these two boroughs is the lowest either has experienced since 1989. As recently as October, when unemployment was still 8.6 percent in the Bronx, a job fair drew long lines of 5000 applicants, some waiting in line over three hours.⁷ Nevertheless, their jobless rates remain far higher than those of 5 percent or less in Manhattan, Queens, and Staten Island.

How much does the lower unemployment rate actually indicate more jobholding by New Yorkers? This is always a tough question to answer, since it demands comparison of the results from two quite distinct BLS surveys: one of establishments (the Current Employment Statistics Survey, CES) that records the location and number of jobs, but not the residential or demographic characteristics of each firm's employees; and the monthly Current Population Survey (CPS) which does query individuals about their age, race, sex, current employment, and residence, but does not match this individual information to the establishment data on jobs. Despite their differences, the two surveys' estimates of employment growth have tended to track each other closely, at least until the mid-1990s. A new research study suggests that recent discrepancies between their job tallies may in part reflect population underestimates in the CPS.⁸

The latest CPS household information on the numbers of local residents employed and unemployed is presented in Table 2. The number of New York City residents counted as unemployed fell 68,000 over the 12-month span. The fact that the number of city residents employed was up 63,000 suggests that, compared with recent periods, a far smaller fraction of the decline in those counted as officially jobless was caused by labor force withdrawals. But the CES records of a much larger volume (92,000) of additional new jobs in the city's

than downtown. By the broader measure of “underemployment” (taking into account discouraged labor force dropouts and part-timers unable to find full-time work), 10.9 percent of New Yorkers are underemployed, as are 9.7 percent in the large city sample, but only 6 percent of Long Islanders.

All major racial/ethnic groups represented in the table have lower employment-population rates in New York than do their counterparts in large cities or suburbs. But a wide gulf still separates the jobholding success of white non-Hispanics from that of African Americans and Latinos. While only 2.8 percent of whites were counted as unemployed in the city, Hispanic unemployment was more than double that, and the black rate higher still at 10.6 percent. Slightly less than half of blacks and Hispanics hold jobs.

The figures for teenagers are as startling as ever: only one in five New York youth has a job, compared to 36 percent of teens in other large cities and nearly half of Long Island youth. And one of the few government programs aimed at helping teenage jobseekers, the city’s Summer Youth Employment Program, is slated for sharp cutbacks. In early December, City Hall announced that the program, which last summer provided 40,000 jobs to poor youth, could be slashed to as few as 5000 jobs.⁹ The cuts are blamed on funding changes required by the federal government’s new Workforce Investment Act when it goes into effect in July.

in the political arena. In fact, 1999 ended with two highly publicized examples of union victories with broad public impacts. First, a major new program (“Family Health Plus”) for a million New Yorkers without health insurance was widely credited to SEIU Local 1199. The Governor and the State Legislature agreed to finance the coverage of one-third of the state’s 3.2 million uninsured by doubling the state cigarette tax and using a share of the state portion of the national tobacco lawsuit. The package also extends the life of a \$1 billion program of medical training and charity health care. The union, led by Dennis Rivera, spearheaded a \$10 million campaign of media ads, mailings, and lobbying in the fall that overcame considerable business opposition.¹⁸

December also saw New York City’s subway and bus drivers win the biggest wage hikes of any of the city’s public sector unions in over a decade. Transit Workers Union Local 100 had threatened a possible strike over the busy holiday season if the city would not dip into its large budget surplus to make up for a past wage freeze. In response, hours before the transit contract was to expire, Mayor Giuliani obtained an unusually sweeping injunction against the union from State Supreme Court Justice Michael Pesce. It not only prohibited the TWU from striking (based on the state’s Taylor Law), it even barred union members from advocating a strike. And it threatened \$25,000 fines on anyone who acted contrary to the injunction. The mayor’s public justifications for these harsh legal threats included a surprising warning: New York City was threatened with a revival of Marxism! In a City Hall news conference, he announced: “There are people who want to cause anarchy. I know a week ago I said that Marxism unfortunately is still alive in parts of New York City even in the latter part of this century, even though it’s been disgraced all over the world.”¹⁹ This was an apparent reference to Tim Schermerhorn, leader of the TWU’s dissident New Directions caucus, who was quoted as responding: “Marxists? I always liked Harpo.”²⁰ Despite opposition from New Directions to its work rule changes, a new contract finally accepted by the city and a majority of TWU members that will effectively raise wages 18 percent over three years and bar layoffs of unionized employees. Other union leaders representing the 300,000 city workers whose contracts expire this year have stated their intention to demand at least comparable wage offers.

The year has also witnessed a surprising number and variety of smaller, less visible organizing efforts among workers not traditionally viewed as likely union recruits. For example, organizers with the International Association of Machinists have won contracts covering hundreds of immigrant drivers of corporate “black car” fleets. They have won active support from Archbishop John O’Connor and have pressured large Wall Street banks and brokerages to agree to exclusively rely on unionized fleets. On Manhattan’s Lower East Side, UNITE Local 169 and a coalition of community groups have, after a 6-month boycott, begun winning union recognition for low-paid Latino workers at small fruit and vegetable markets. On the Upper West Side, North African deliverymen for chain supermarkets have begun organizing into a union after picketing a number of stores to protest widespread underpayment of wages. And Aramark cafeteria workers at J.P. Morgan investment bank won recognition of the Hotel Employees and Restaurant Employees (HERE) as their bargaining agent. After a highly publicized six-week campaign, the workers persuaded management to accept as binding the results of a card-check drive in which the majority of employees signed on with the union.

Long Island has also seen a quickening pace of organizing over the past year in several industries. CSEA, even while battling to stave off threatened job and pay cuts in Nassau County, has managed to win two notable victories. Last summer, a majority of the 445 service and maintenance workers at the private Long Beach Medical Center and Nursing Home voted for CSEA representation. Throughout the autumn, CSEA members fought to persuade management to begin negotiating their first contract with the union. Then, in mid-December, CSEA charged that the center’s administrators were trying to penalize newly unionized workers with

a new health insurance plan that requires them to contribute far more money toward premiums than their non-union co-workers. CSEA has filed an unfair labor practice charge with the NLRB and requested a court injunction. December also saw CSEA win a card-check campaign to organize some 500 Hempstead town bus drivers, clerical, sanitation and other workers. The union finally persuaded the town that, rather than being just seasonal employees ineligible for unionization (as Hempstead long claimed), most of these municipal workers did the same jobs as full-timers, but with far lower wages and benefits.

Finally, despite a brief upturn earlier in 1999, the secular decline in manufacturing continues with little end in sight. This steep decline in often high-wage, skilled union jobs seems increasingly to be accepted as a fact of modern life, largely ignored by politicians and the press, and positively welcomed by apartment hunters desperate for affordable loft space. But new research evidence indicates that the loss of manufacturing jobs may account for between one-third and one-half of interstate wage inequality. Northeastern states like New York where manufacturing has withered had the largest jumps in wage inequality during the 1970s and 1980s, in contrast to little or no worsening of inequality in states elsewhere that have expanded manufacturing.²¹ Recent studies by the New York Industrial Retention Network and the Center for an Urban Future have brought new attention to the potential for a revival in manufacturing through adoption of broad-based “sectoral” development policies pursued successfully in other cities.²² The new year may show whether city development policy can be changed from its present focus on multimillion dollar subsidies to a handful of Wall Street giants and begin offering significant aid to the small- and medium-sized firms responsible for most job creation.

Table 1

Figure 1
NYC Job Growth by Industry: Dec. 1998 – Dec. 1999
(in thousands of jobs, and percent change)

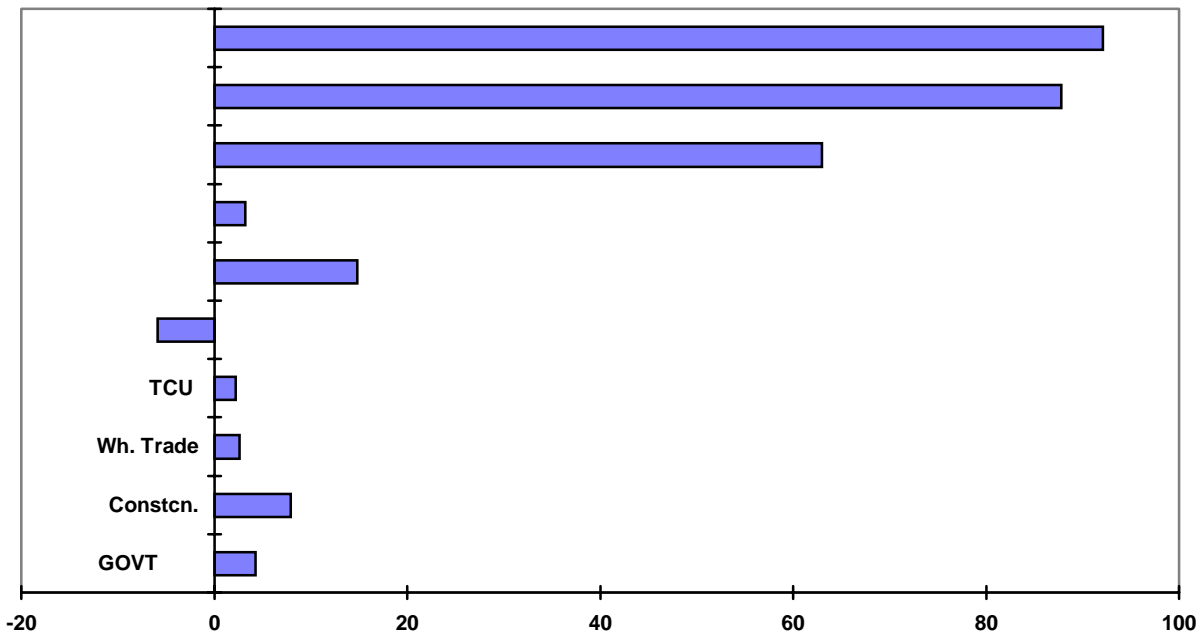
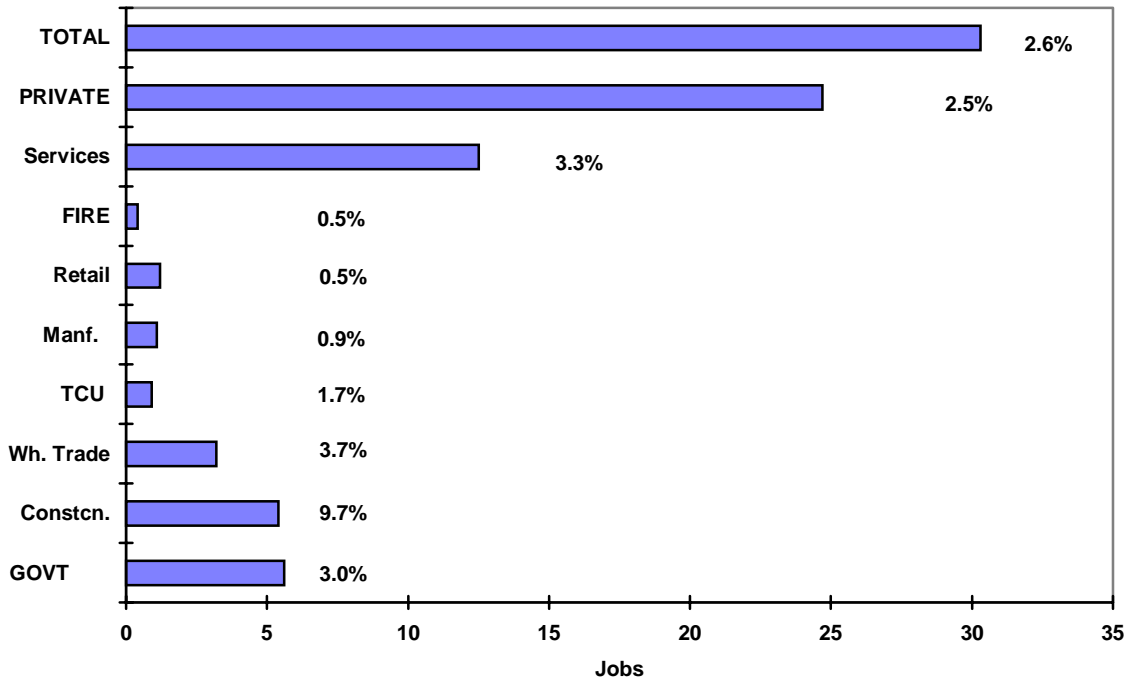


Figure 2
Nassau-Suffolk Job Growth by Industry: Dec. 1998 – Dec. 1999
(in thousands of jobs, and percent change)



Source: NY State Department of Labor. 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:IV

Unemploy. Rate	All Ages <u>16 & Up</u>	<u>Males</u>	<u>Females</u>	White, <u>Non-Span</u>	Black, <u>Non-Span</u>	Spanish <u>Origin</u>	Teens, <u>16-19</u>	Foreign <u>Born</u>
NYC	6.1	6.2	5.8	2.8	10.6	7.7	14.0	5.7

Key Labor Market Indicators

New York City -- Civilian Employment, Unemployment, & Initial Claims for Unemployment Benefits (seasonally adjusted estimates)

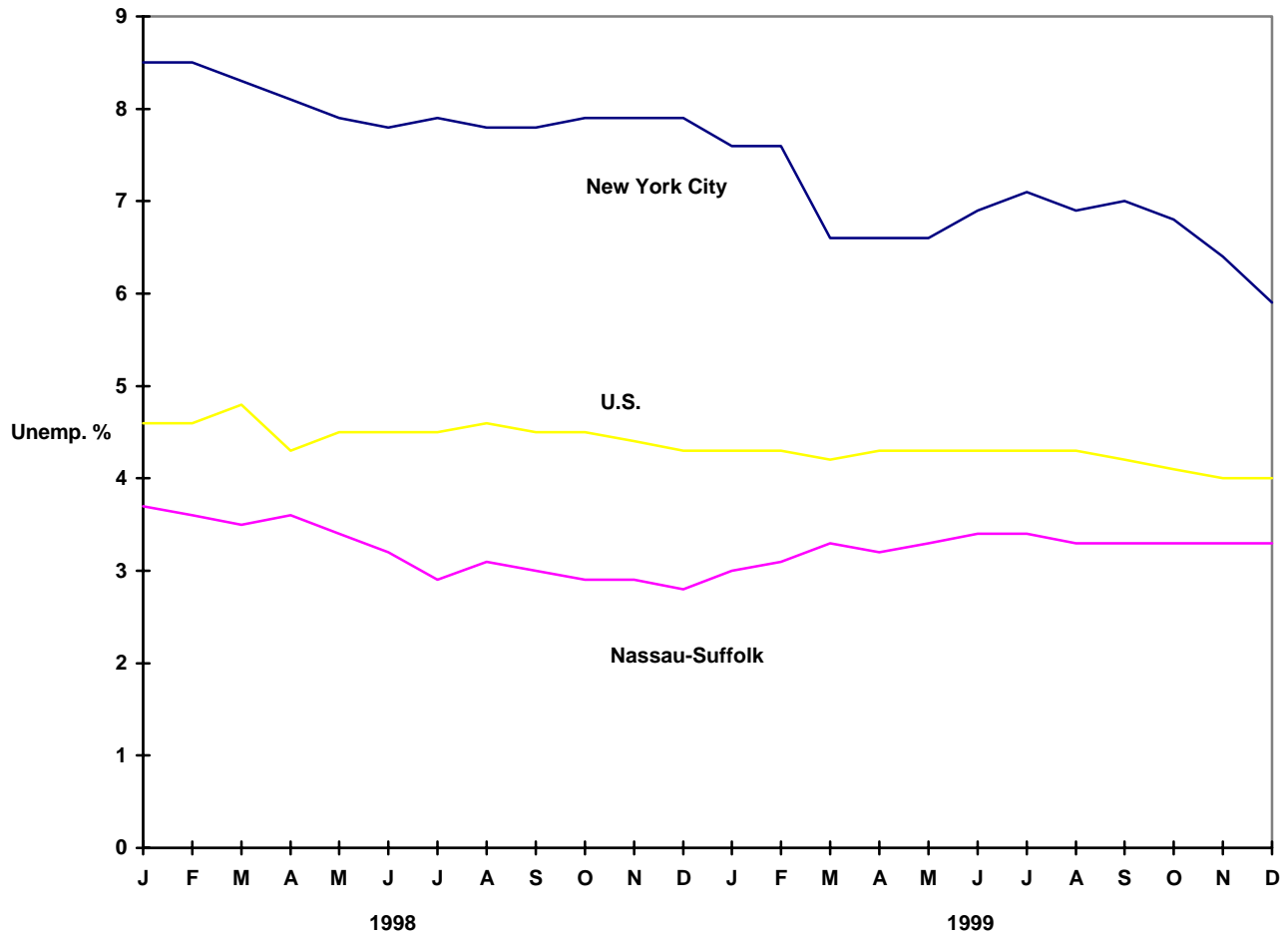
	Employment (1000s)	Unemployment (1000s)	Unemployment Rate (%)	Initial U.I. Claims (1000s)	% Change in U.I. Claims
<u>1998</u>					
January	3152.1	291.3	8.5	30.0	-6.3
February	3171.9	292.6	8.5	31.2	3.7
March	3192.9	287.2	8.3	30.4	-2.4
April	3189.7	278.2	8.1	32.4	6.6
May	3185.0	273.6	7.9	29.0	-10.6
June	3182.4	268.7	7.8	30.8	6.4
July	3165.6	268.6	7.9	30.8	0.1
August	3166.1	267.5	7.8	28.6	-7.3
September	3168.9	270.9	7.8	30.9	8.1
October	3162.7	270.2	7.9	30.8	-0.4
November	3160.5	271.4	7.9	31.4	2.1
December	3149.4	270.9	7.9	36.5	16.2
<u>1999</u>					
January	3154.9	258.4	7.6	23.8	-35.0
February	3162.6	260.7	7.6	30.8	29.4
March	3165.7	222.5	6.6	33.6	9.2
April	3160.0	221.4	6.6	31.8	-5.2
May	3172.1	224.9	6.6	29.1	-8.6
June	3181.0	233.3	6.9	29.4	1.1
July	3197.6	241.5	7.1	29.5	0.4
August	3200.9	237.4	6.9	30.0	1.5
September	3212.3	245.8	7.0	28.6	-4.5
October	3208.6	233.6	6.8	26.1	-8.9
November	3205.2	220.5	6.4	27.8	6.3
December	3213.9	201.0	5.9	25.8	-7.0

Source: NY State Dept. of Labor. These estimates reflect 1999 Dept. of Labor revisions, and supersede earlier estimates. Initial unemployment insurance claims are unpublished data provided us by the NY State Dept. of Labor. Seasonal adjustments by *Regional Labor Review*, using Census X-11 program.

**Nassau-Suffolk -- Civilian Employment, Unemployment,
& Initial Claims for Unemployment Benefits (seasonally adjusted estimates)**

	<u>Employment</u> <u>(1000s)</u>	<u>Unemployment</u> <u>(1000s)</u>	<u>Unemployment</u> <u>Rate (%)</u>	<u>Initial U.I.</u> <u>Claims (1000s)</u>	<u>% Change</u> <u>in UI Claims</u>
<u>1998</u>					
January	1344.9	52.1	3.7	9.4	-17.5

Unemployment Rates in NYC, Long Island, and U.S., 1998-99 (Seasonally Adjusted)



Source: NY State Dept. of Labor. Monthly civilian unemployment rates seasonally adjusted by RLR.

College Women's Studies Program, Latin American Studies Committee, and Colombia Media Project. For info. Call: 516/463-5040.

March 29-31 – “Invisible Workers, Hidden Abuses,” 40-hour fast (starting 8 p.m., 3/29) from solid food to focus attention on abuses to farm workers, food service employees, health aides, and janitors. Organized by NYS Labor-Religion Coalition. For info. call: 518/459-5400.

March 31-April 2 – 18th Annual Socialist Scholars Conference, "Rocking the Boat: Building New Coalitions

April 28 – “Budget Battles and Working Families: Hard Choices for Labor and Government,” a conference on the current local public budget crisis, featuring speakers from government, labor unions, community groups, and universities. Among confirmed participants is Elliott Sclar (Columbia University economist) discussing his new book: “The Economics of Privatization.” Presented by the Center for the Study of Labor & Democracy. Opens with 8 a.m. – 10 a.m. Labor Breakfast at Hofstra University Club (California Ave. entrance off Hempstead Turnpike). Followed by 10:10 – 11 a.m. and 11:10-12:40 panel discussions in “The Greenhouse” (Student Center, near Rathskeller). Please RSVP by April 12. For info and to RSVP call: 516/463-5040.

May 1 – International Workers Day. “The Global Sweatshop: Students, Clergy & Labor vs. U.S. Multinationals,” a panel discussion followed by a showing of a new documentary film. At Hofstra University, Cultural Center Theater, 12:50 – 3 p.m. Presented by Center for Study of Labor & Democracy and New College Women’s Studies Program. For info. call: 516/463-5838.

May 18-19 -- Annual NYU Conference on Labor Law: “Alternative Dispute Resolution in the Employment

March 11-12 – “Working Women Conference 2000,” hosted by the AFL-CIO, in Chicago. For info. call AFL-CIO Working Women’s Dept.: 202/637-5064.

April 13-15 – Annual Labor Education Conference: “Unions and the Global Economy.” Co-sponsored by AFL-CIO and the University and College Labor Education Association. At Hyatt Hotel in downtown Milwaukee. For info. call Kate Bronfenbrenner at 607/255-7581.

June 8 – 11 – “Intellectual Workers and Essential Freedoms: Journalists and Academics in the 21st Century,” annual national conference of American Association of University Professors, held jointly with The Newspaper Guild (CWA). At Omni Sheraton Hotel in Washington, D.C. For info. email: dbinstead@aaup.org.

July 20 – 23 – Jobs With Justice national conference. For info. call E of 4 Tc-0.0004 Tw(Julyisp1cce. F)5.7(o7804 Tc-0

Figure 4
Average Hourly Earnings in New York State,
All Workers and Low-Wage Workers, 1989-1998
(in 1998 dollars)

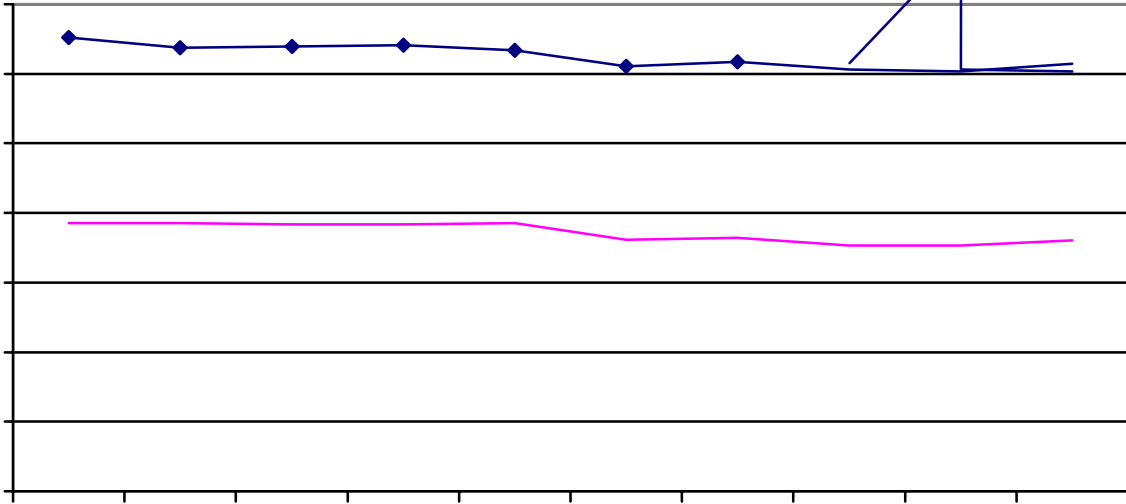
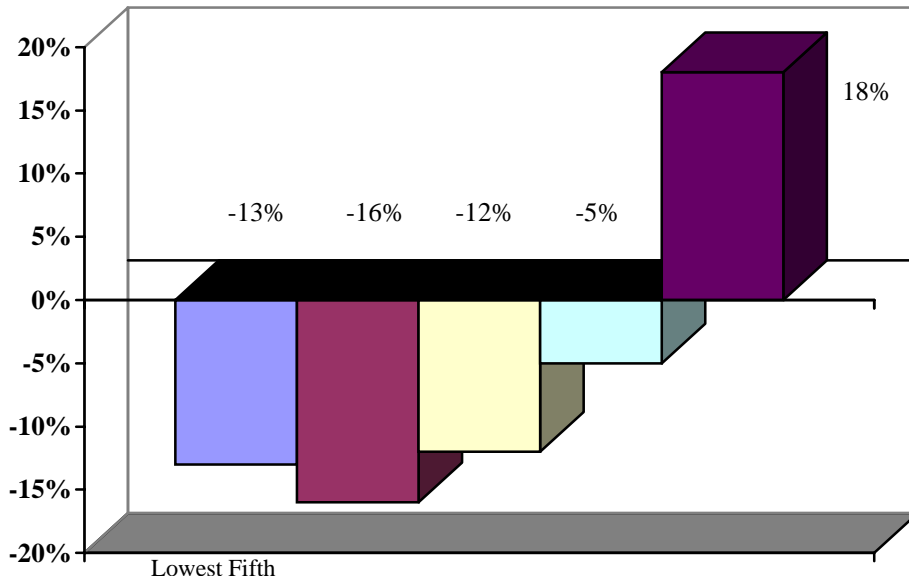


Figure 3
Changes in Average Family Income (Adjusted for Inflation)
in the NYC Metro Area, by Family Income Quintiles, Late 1980s – Late 1990s



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- ¹³ “Even As U.S. Expansion Continues Record Pace, Many Still Feeling Pinch,” *Newsday*, Nov. 7, 1999.
- ¹⁴ Center on Budget and Policy Priorities, based on analysis of Census Bureau CPS data, as reported in Fiscal Policy Institute, *The State of Working New York* (Latham, NY: 1999): ch. 2.
- ¹⁵ Community Service Society, *Poverty in New York City* (New York: CSS, Oct. 1999).
- ¹⁶ Martha Burt and Laudan Aran, *America’s Homeless II: Populations and Services* (Washington, D.C.: Urban Institute, 2000).
- ¹⁷ Louis Uchitelle, “Minimum Wages Are Being Set, City by City,” *New York Times* (Nov. 19, 1999): B1.
- ¹⁸ Steven Greenhouse, “Bringing Health Insurance to One Million Have-Nots: How Union Leader Got State to Go for Plan,” *New York Times* (Dec. 27, 1999): B5.
- ¹⁹ John Kifner, “Giuliani’s Hunt for Red Menaces: From Transit Union to Gardners, Mayor Sees Marx’s Shadow,” *New York Times* (Dec. 20, 1999): B3.
- ²⁰ Robin Finn, “To Be A Radical Without Saying Strike,” *New York Times* (Dec. 23, 1999): B2.
- ²¹ Andrew Bernard and J. Bradford Jensen, Paper presented at Levy Institute Conference on “The Macrodynamics of Inequality in the Industrialized and Developing Countries” (Annandale, NY: Levy Economics Institute, Bard College, October 1999).
- ²² Center for An Urban Future, *New York, New Jobs: The Sector Solution* (New York: Center for An Urban Future, Jan. 2000); New York Industrial Retention Network, *Food From New York City: An Analysis of NYC’s Food Manufacturing Industry* (New York: NYIRN, Dec. 1999).