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IN THIS ISSUE

Preview

Welcome to the 5th Anniversary issue of *Regional Labor Review*! When we launched this venture in 1998, we held the most modest hopes of providing a fresh and independent analysis of important labor issues affecting New York working people. We sought original articles written in a widely accessible style by economists, historians, sociologists, lawyers, and other labor specialists. While the original core of our interdisciplinary research center was based at Hofstra, we have increasingly attracted articles from scholars at many other institutions. The steadily growing response to our efforts among readers from academia, labor and other nonprofit organizations, community groups, and government has been a constant, gratifying source of surprise and encouragement.

In this issue, we open with an assessment of the daunting challenges facing New York workers a year after the attacks on the World Trade Center. With the local economy still mired in recession and more layoffs threatened by a continuing city budget crisis, future job prospects are clouded by threats of war abroad and terrorist repercussions at home. In a complementary article, Moshe Adler explores the mixed record of the past decade's boom. While the 1990s broke records nationwide for job growth, poverty actually increased and median family income decreased in New York City. One theory given wide media attention has claimed that high immigration into the city is to blame for this. He finds surprisingly little empirical evidence for the immigration hypothesis. Instead, he identifies three more likely causes: lack of diversification in the New York economy and high dependence on Wall Street; adverse changes in the city's industrial structure; and government policies that place direct downward pressure on low wages. Growing numbers of the jobs that can be found are only of a "contingent" nature, lacking stability or fringe benefits. Catherine Ruckelshaus and Bruce Goldstein led a major new study, excerpted in this issue, into the current dimensions and impacts of labor subcontracting, as well as promising new legal and organizing efforts to combat its widespread abuses.

This summer, the U.S. Supreme Court decided a technical, but important case interpreting Title VII of the Civil Rights Act of 1964. In one of the first studies of the case–*Amtrak v. Morgan*– law professor Joanna Grossman shows how a victory for victims of sexual and other forms of harassment may also prove to be a loss for victims of other forms of illegal workplace discrimination. Then Grant Hayden discusses a major new work documenting the spread of age discrimination in employment. Drawing upon a wide variety of sources, including media reports, survey data, and a range of information from other countries for comparison, it reveals the extent of age bias and negative attitudes toward older workers, the rationales presented by businesses for refusing to hire older workers, and the too-often ineffective government response.

Five years ago, we introduced our first issue with the words:

> "*Regional Labor Review* will aim to provide clearly written, up-to-date information and analysis on important labor issues in the nation's largest metropolitan region, centered in New York City and Long Island…Both the city and Nassau-Suffolk have clearly become more dependent on both national and international forces. Global competition affects ever more companies and their employees, tourism has become a major industry, and the region is in the midst of a new era of high-volume immigration. Thus, any effort like ours to look closely at this metropolitan area must approach local issues with an international perspective."

That perspective seems to us today more important than ever. We will try to find fresh ways to use it to illuminate the many and various issues that we hope to cover in our next 5 years.

-- *The Editor*

THE CURRENT JOB OUTLOOK

Global Tension, Local Recession and Recovery Prospects: New York's Economy One Year Later

by Gregory DeFreitas

One year after the September 11 attacks on lower Manhattan, New Yorkers find their economy still badly wounded and their local government facing huge deficits. New York City's prospects remain clouded by Wall Street's woes, feeble job growth, and continued terrorist concerns. Threats of war with Iraq have intensified both public and business anxieties. Across the country, the positive news – rising industrial production and plant-utilization rates, declines in unsold inventories, continued low inflation, and slight drops in the national unemployment rate – has been counterbalanced by wage stagnation, shaky consumer demand, proliferating corporate scandals and a resultant decline in investors' respect for Wall Street's accountability. With even Alan Greenspan denouncing "infectious greed," the business press has expressed alarm at the plunging public esteem for the devious profiteering and fraud at giant corporations like Enron, WorldCom, Tyco, and Adelphia.[1] By August, the Fed grew increasingly pessimistic and warned that: "the risks are weighted mainly toward conditions that may generate economic weakness."

The two government measures most responsible for moderating the recession so far – massive new federal spending and Federal Reserve rate cuts – may be less reliable solutions for New York in coming months. The Bush/Cheney administration entered the fall election season promoting a costly invasion of Iraq – at the same time as it was rejecting any major new domestic spending that would further expand its new budget deficit. And the Fed, having already cut its main interest rate to just 1.75%, doubts that any more cuts would help to speed a recovery without sparking price inflationary growth. Concern is also rising among economists that the booming housing market is vulnerable to a speculative bust.

New data from the U.S. Census Bureau and from the Labor Department have revealed that the recession and its aftermath have been far worse than initial reports suggested, by several key measures:

- Nearly 1.8 million jobs vanished nationwide, over the 12 months through June 2002. That is, since the official start of the latest recession, job losses were 23% higher than the government had earlier estimated and worse than in the last 6 recessions. Only a handful of industries have added workers, including: banks, hospitals, legal services, management consulting and public relations. Most new jobs have been part-time positions. On the other side, airlines, textiles and high tech manufacturers have had 10 – 14% job losses.

- The national unemployment rate rose, after seasonal adjustment, to 5.9% a full 2 percentage points above its level just 2 years earlier. It would have increased far more had not thousands of jobless people dropped out of the active labor force since January. Black and Hispanic unemployment rates have jumped sharply to 10.7% and 7.4%, respectively. The youth unemployment rate has leapt to 17.6%.

- Long-term joblessness has risen faster than in any of the past 5 recessions and is now at its highest level in 8 years. Over 1 million unemployed workers – 135,000 in New York alone – had exhausted their extended unemployment benefits by late August. Neither the White House nor Albany has acted on proposals to extend added benefits to these workers.

- The number of Americans unable to afford health insurance rose by 1.4 million last year. Job losses and surging insurance premiums have left 41.2 million people uninsured, 14.6% of the population. All income levels experienced shrinking coverage, though low-income and minority groups were hardest hit: one-fifth of African Americans and one-third of Latinos now lack any coverage.

- The nation's middle class suffered an income decline (-2.2%) last year, its first fall since 1991. And the poverty rate rose for the first time in 8 years. The 11.7% rate represents 32.9 million poor Americans, up 1.3 million in just the past year. Among blacks and Latinos, over one-fifth are poor. And the rate of child poverty, 16.3%, remains the highest in the industrialized world. And these estimates may substantially undercount the number genuinely poor, given the government's low poverty-line income cutoffs ($9,039 for 1 person, $14,128 for a family of 3) and its failure to account for wide interstate and city-suburb differences in living costs.[2]

Rising national and global tensions over U.S. government plans to invade Iraq have pushed worrisome economic developments off the front pages. But, according to a recent New York Times/CBS poll, a majority of Americans nationwide think that the economy is in its worst shape in a decade and feel that the president and Congress, focused on Iraq, have not paid adequate attention to domestic economic troubles. In fact, almost half fear that they or a household member will become unemployed in the coming year. And many worry that a long and costly war now will worsen job and income prospects still more.

New York's Jobs Crisis

Over the 12 months ending in June, the New York metropolitan area suffered the largest over-the-year job losses of any of the 274 metropolitan areas in the country for which the government collects records.[3] Within the broader region, New York City's job engine continued to sputter badly, though less than earlier in the year. The city lost some 98,600 jobs -- a 2.6% drop that was over twice as steep as the national average (Table 1). Although the April to June quarter finally brought a slight jobs increase, the first in over a year, it was far too small to slow the overall drop. Job losses occurred both in firms forced to move after the World Trade Center attacks and in others hurt by the wider recessionary slump in business activity. As Figures 1 and 2 reveal, every major industry contracted.

Wall Street. Stock losses in the third quarter were the worst since the 1987 crash and high-profile layoffs in finance and brokerages continue. Over the 12 months since last June, employment at brokerage houses is off by 9%, or 16,800. Banking positions shrank by another 12,000, and the latest news points to still more reductions. Early this fall, J.P. Morgan Chase announced plans to slash 4000 investment banking jobs within weeks. These cuts come on top off the 10,000 jobs lost following the merger of J.P. Morgan and Chase in Sept. 2,000. Goldman Sachs, despite an 11% rise in quarterly profits, announced staff cuts of about 800 people, on top of the 2,800 it eliminated last year. Both First Boston and Merrill Lynch also plan new waves of layoffs, this time reaching over 1,000 each.

Of course, many of the banks' problems stem not from the recession but from their own deeds and misdeeds. Merrill Lynch is now being investigated for its involvement in the Enron scandal and large pension funds are suing J.P. Morgan and Citigroup for alleged lack of due diligence in underwriting WorldCom's last bond issue. And with some 300 class action lawsuits charging major banks with conflicts of interest and misleading investors with over-hyped IPOs, the billions in legal costs could lead them to make still more layoffs in coming months.

Over 60,000 Wall Street employees have already lost their jobs over the past two years. With stocks now on track toward the first 3-year decline since 1939-41, near-term prospects are clearly not bright either for securities jobs, or for the many restaurant, advertising, and business service workers indirectly dependent on them.

Tourism: Hotel hiring remains dampened by the shortage of international visitors. There are still some 2600 fewer hotel workers than last year. The declines in air travel after last September, particularly international arrivals, continue to hurt airport-dependent jobs and businesses. The sector is down by 9,400 jobs since last June – a 17.4% drop. About 41,000 people are employed by the airlines or airport businesses at JFK and LaGuardia airports, and another 20,000 jobs are in travel agencies, aircraft supply firms, food services and other directly travel-dependent sectors. Despite winning a $15 billion bailout from the White House last fall. the airline industry still lost a total of $2.4 billion in the first quarter of 2002. United Airlines and US Airways led the way in demanding huge wage, benefit and work rule concessions from their workers. In June, the Air Line Pilots Association conceded to $400 million in wage and other give-backs to US Airways. Pilots at United agreed to an even larger $520 million concession package, but its 23,000 mechanics rejected management's demands for a 10% wage cut. The machinists' union pointed out that it had already agreed to give the carrier a loan, in the form of deferring $498 million in retroactive pay. By August, US Airways had declared bankruptcy, United claimed it was teetering on the brink, and American Airlines announced plans to layoff 7,000 employees.

CEOs justify their focus on worker rather than management cuts as necessary to meet the Bush/Cheney administration's demands for such concessions in return for government loan guarantees. But the 2 carriers still profitable, Southwest and JetBlue, have avoided layoffs or major labor concessions. And airline critics claim that mismanagement at the major carriers continues to be the most important cause of their money woes. In contrast to the no-frills operations of Southwest and JetBlue, the majors this year have swung wildly from slashing flights and raising fares to the reverse, often adding flights on overlapping routes solely to try to salvage their market share against low-cost rivals. Robert Roach, Jr., a vice-president of the machinist and aerospace union IAM, expressed a common labor view: "When things go bad, the first place they come to is labor. But whenever you're in trouble, 9 times out of 10, it's because of mismanagement."[4]

Services. The massive service sector has cut 26,600 jobs (-1.8%) over the 12-month span since last June (Figure 1). Business services, which include many Internet and new media companies, accounted for 4 out of 5 of the total service jobs lost. Advertising revenue remains weakened by soft retail sales. With so many advertising firms concentrated in Manhattan, as well as the many magazine and other media firms that depend on ads, the impact was broadly felt in the city. In engineering and management services, some 6800 jobs disappeared, while movie-related work declined by 4,000 positions. But new jobs were added in three areas: educational, health and social services each hired about 3,000 new employees.

Retail trade. Retail trade is down by 7,700 jobs from the same period a year ago, with 3,600 fewer jobs in bars and restaurants, and about 1,000 fewer in department stores. Even discount retailers have been hurt. The Wiz, a well-known discount electronics chain, is losing over half its area stores. Owner Cablevision, suffering sharp stock declines of late, announced in September the closure of 26 of the 43 Wiz locations in New York.

Manufacturing. Manufacturing employed nearly 233,000 workers in June 2001, but shrank over the year by another 5%. Almost 4000 of the jobs lost were in printing and publishing, mostly at magazines and newspapers. Garment factories in Chinatown, barely half a mile from ground zero, have still not fully recovered from Sept. 11 damage and the general slowdown in consumer spending. Women's outerware companies had the greatest job cuts (-1,600) over the past year.

Construction. Once the fastest growing sector in the city, construction lost another 3,000 jobs over the last 12 months. This 2.4% decline contrasts sharply with the more than 6% job growth rate that building trades workers enjoyed over the same time span in 2000-2001.

Public sector. Government employment also fell, but less than any other sector. Nearly all the 1,100 fewer jobs recorded over the year were in federal or state offices. However, the mayor has not ruled out future layoffs in order to help reduce the $5 to $6 billion city budget deficit projected for the coming fiscal year. Critics at District Council 37 and other municipal unions have charged that the mayor could increase local jobs by ending the outsourcing of many activities. City officials were embarrassed in late July by the *New York Times'* revelation that one agency was outsourcing jobs abroad. The Environmental Protection Agency admitted that it had signed a 2-year contract with a private firm to process the NYPD's tickets for "quality of life" violations. The agency claimed it was unaware that the contractor was having the work performed across the Atlantic in Ghana.[5]

Over the same period in the region's suburbs, Long Island had almost no net change in the number of jobs over the same 12 months. Service industries, led by health care and social services, added 6,100 new positions to the payroll and local hiring for schools and other areas pushed up public sector jobs by 3,300. Construction, transportation and retail also had positive, though far smaller gains. But the shock waves from Wall Street continued to hold down the job count at local banks and brokerages.

And manufacturing shrank by some 5,000 jobs, 4 out of 5 in durable goods firms. This reflected both the nationwide manufacturing recession and the vulnerability of the island's telecommunications firms. For example, Ronkonkoma's Tellabs is closing its plant and laying off 400 employees. But local defense contractors are beginning to capture some of the White House's huge new military outlays. API Electronics and Orbit International, both in Hauppauge, received new military electronics contracts this summer. Telephonics plans to add some 50 jobs at its Suffolk County plants to build communications systems for Air Force C-17 cargo planes. And Curtis Wright Flow Control Corp. is hiring an extra 100 workers to expand its East Farmingdale valve and pump operations for the U.S. Navy.

Wholesale trade companies closely linked to manufacturers cut their work forces by a net 2,300 jobs since last June. Some retail segments also have contracted, leading to the disappearance of major stores. Both Stern's Department Stores and Pergament Home Centers shuttered local outlets. But some of these lost jobs will be recouped this fall by new store openings, including Target in Commack, Lowe's Warehouse in Garden City, and Wal-Mart in Setauket.[6]

While Long Island's public sector job count was 1.7% above last year's level, there is little prospect of more growth in coming months. Nassau County's long-running budget woes have led its new county executive, Democrat Thomas Suozzi to cut the county work force by 1,200, propose a 19.4% hike in the county portion of property taxes, and demand that the police union accept a 3-year pay freeze. millions in pay concessions from public sector unions. Without the police concessions, Suozzi claims he will be forced to cut day care, parks, public transit and other services. Neighboring Suffolk County is facing "the most serious financial problem in a generation," according to County Executive Robert Gaffney. To close a looming $111 budget gap next year, Gaffney has proposed reimposing a regressive 4.5% sales tax on clothing priced under $110, cutting 300 jobs through early retirement, and increasing the county portion of the property tax by 6% in Western Suffolk and by 2.55% in the eastern end of the county.

Unemployment and Benefit Exhaustion

At a time when the U.S. unemployment rate stood at 6%, New York City's level was 7.6% (not seasonally adjusted) at the mid-summer mark – up more than 2 full percentage points over the City's jobless rate at the same time last year. Month-to-month, seasonally-adjusted estimates trace a steady worsening of unemployment from 7.1% in January to 8.1% by May, but no change from that high level the following month.[7] The unemployment rate has continued to rise despite a slight increase over the summer in the number of people who have reported being employed. This is explained by the fact that, while labor force participation rates in the City at first fell in response to last year's slowdown, they have been rising again since last fall. As more jobseekers enter the labor force, they are added to the official count of the unemployed until they land a new job. But, as Table 2 shows, for the 12-month span through June, the total number employed was down (by 20,600) to 3.28 million and the number unemployed jumped 45% to 268,200. The number unemployed has risen in every borough. The Bronx has the highest jobless rate at 9.2%, followed by Brooklyn and Manhattan.

Compared to the city, Long Island follows its longstanding pattern of far lower jobless rates. In June, the rate was 4.1% in Nassau County and 4.3% to the east in Suffolk County. But each is a full percentage point higher than at the same time last year. While the number of residents with a job has risen 1.8% (+24,700), the number jobless has risen far more rapidly (38%) to 61,100.

One measure of the continuing job losses on Long Island is the large number of long-term displaced workers, both white- and blue-collar, forced to seek retraining in new occupations. An estimated 12,000 Long Islanders lost their jobs as a direct or indirect result of the 9/11 attacks, according to a study by the Consortium for Worker Education (CWE). With federal funds channeled through CWE, the Long Island Federation of Labor's Workforce Development Corporation provide a variety of counseling, skills assessment, job search and training options to displaced workers. Through active outreach efforts in newspapers, mailings, and notices spread across government offices and union halls, the WDC's Displaced Worker Program has drawn the interest of nearly 7000 workers. Based in Farmingdale, the program offers courses at sites across the island (including Hofstra, SUNY Stony Brook, and BOCES centers) in computer training, accounting and ESL, as well as such in-demand blue-collar skills as construction and commercial driving. According to program director Diane Cahill, as of this September some 4000 displaced workers have already been given assistance and 650 have found jobs through these efforts.

The Working Poor

The average worker's wage rate is now growing at the slowest pace since 1995, and inequality between high-paid, middle- and low-wage groups is again worsening.[8] For New York City and Long Island's more than 329,000 unemployed, lost wages from their former jobs are hardly compensated for by low and dwindling unemployment benefits. Although Congress in March extended the maximum length of unemployment benefits from the standard 13 weeks to a new maximum of 26 weeks, even these extended benefits began running out in June for thousands of frustrated jobseekers.

Long-term joblessness and inadequate support from the unemployment insurance and welfare systems appear to be worsening an already spreading poverty problem. New York City's poverty rate increased has just increased for the first time in 5 years, according to a new study. The late 1990s job boom helped lower the local poverty rate from 26% in mid-decade to 19.8% at decade's end. But estimates from 2000-2001 census surveys show that the number of poor residents has now risen to 20.2% of the city's population.[9]

Falling incomes and sky-high housing costs are driving record numbers of New Yorkers to homeless shelters and soup kitchens. By early August, a record 4,458 families had to seek refuge in city shelters. Short of adequate shelter space, Mayor Bloomberg's administration at first allowed over 900 homeless families (3 times as many people as fire codes permit) to sleep on floors and benches at the sole city office where the homeless can apply for shelter. After two days at this crowded Emergency Assistance Office, one teenager committed suicide. When a court order forced the city to find an alternative, the mayor made the much-criticized decision to house homeless families in an empty Bronx jailhouse.

The housing crisis is also, in the words of the New York Times, a "hunger crisis."[10] Over 1 million city residents now depend on food pantries and soup kitchens for basic needs. And one in four have employed household members whose pay is too low to escape poverty.

Nonunion Workers' Rising Anger

Hard times tend to hit nonunion workers harder. But there are signs that more and more are angry about layoffs, low pay and few benefits, just as exploding corporate scandals have revealed widespread CEO plunder and fraud. A nationwide poll this August found that 2 in 5 Americans say that they have a negative view of corporations, the highest disapproval rate in the 9 years pollsters have asked that same question.[11] Even Wal-Mart employees have been emboldened to mount legal challenges to the world's largest retailing giant over its low wages and exploitative work place practices. A flurry of lawsuits nationwide have alleged that its stores practice widespread sex discrimination and that they routinely demand unpaid work hours from employees. By 2002, class action and individual lawsuits in New York and 27 other states accused management of threatening employees with dismissal if they resisted off-the-clock work, much less asked for their legal right to time-and-a-half pay for overtime work. Wal-Mart executives dent such charges, pointing to written company policy statements against unpaid work. But Wal-Mart handbooks also explicitly order store managers not to schedule any overtime, and to contain weekly paid hours below a "payroll budget" set for each store by headquarters. A 4-month investigation by the *New York Times,* based on interviews with current and former Wal-Mart employees in 18 states, found widespread complaints of several common store practices, including: (1) "lock-ins" after store closings, forcing employees to stay after clocking out for the day in order to complete certain tasks; (2) using Wal-Mart computers to delete hours from employees' timecards, a practice alleged to be routine company policy by payroll employees in 8 states; (3) linking the pay and promotions of store supervisors to their use of legal and illegal methods of avoiding overtime pay.[12] In 2000, Wal-Mart agreed to pay $50 million to settle a class-action lawsuit in Colorado, where 69,000 employees were said to have worked off-the-clock at its stores.

Such "time theft" is surprisingly common among some other low-wage employers. In researching her recent book *Nickel and Dimed,* Barbara Ehrenreich took jobs at Wal-Mart and a variety of other retail and service companies. She recalls:

> "At a Midwestern chain store selling hardware and lumber, I was offered an 11-hour shift 5 days a week – with no overtime pay for the extra 15 hours. A corporate-run housecleaning service paid a starting wage of only $6.65 an hour but required us to show up in the morning 40 minutes before the clock started running – for meetings and to prepare for work by filling our buckets with cleaning supplies.
>
> What has been revealed in corporate America over the past 6 months is a 2-tier system of morality: Low-paid employees are required to be hard-working, law-abiding, rule-respecting straight arrows. More than that, they are often expected to exhibit a selfless generosity toward the company, readily "donating" chunks of their time free of charge. Meanwhile, as we have learned from the cases of Enron, Adelphia, ImClone, WorldCom and others, many top executives have apparently felt free to do whatever they want – conceal debts, lie about profits, engage in insider trading – to the dismay and sometime ruin of their shareholders. But investors are not the only victims of the corporate crime wave. Workers also suffer from management greed and dishonesty."[13]

So long as it was exclusively a small-town, southern employer widely viewed as a "family firm" under Sam Walton, the company had little trouble containing worker discontent. Workers' anger over excess work hours, low pay and sometimes hazardous conditions at distribution centers did lead to a few union organizing drives in Missouri in 1971 and in Arkansas in 1976 and 1981. But all were defeated by a combination of Walton's personal threats to shut down the stores involved and his use of aggressive union-busting law firms to train store managers to identify and punish pro-union workers.[14]

Wal-Mart has since become the world's 4th largest company, with over $220 billion in annual sales and rapid profit growth. But its cut-rate labor practices have incited growing opposition by employees. When Wal-Mart began expanding out of the "right-to-work" South into the North and West, its stores threatened more and more union jobs in the many smaller stores it was now competing with. And the workers Wal-Mart hired, though screened to eliminate any with pro-union sympathies, were more likely to have some familiarity with local union members or employers. Also, by the early 1990s, Wal-Mart's self-proclaimed "All-American" image had been dented badly by national media coverage of well-documented sweatshop conditions and even child labor in the factories in Bangladesh[15] and elsewhere that actually produced most of its Kathie Lee Gifford clothing and other merchandise. In 1994, 2 years after Sam Walton's death, organizing drives began at 4 stores. In 1997, the first successful unionization of a Wal-Mart occurred in Windsor, Canada. Employees voted by a 3-to-1 margin to approve a first contract. Three years later, meat cutters in the Jacksonville, Texas store voted for representation by the United Food and Commercial Workers Union (UFCW). But, the notoriously anti-union firm has so far contained union representation to a tiny handful of its stores and employees.

New Labor Organizing

As nonunion workers' discontent with employers rises, it appears that growing numbers are more sympathetic to unions. In August, when Hart Research Associates asked respondents whether they would vote for a union, they found that 50% of nonunion workers said they would, while only 43% were anti-union. This marked the first time in 20 years of similar poll questions that a majority of nonunion workers have favored unions. Whether unions can translate such sentiments into successful organizing drives remains an open question. But recent months have seen a few notable efforts in New York, both in blue- and white-collar jobs.

Health care union 1199/SEIU has organized over 15,000 home health aides over the last 2 years, and has now won management commitments in contracts for half of them. In mid-September, it won its fiercest and most public campaign in years by organizing 3,000 aides at Premier Home Health Care Services. Only after weeks of running full-page newspaper ads decrying the workers' low wages ($6 - $7 per hour) and pushing to the brink of a 3-day strike (likely the first in the country by home care workers) did the union effort succeed. In mid-September, management relented and agreed to a 15-month contract offering health insurance and pay raises of at least 40 cents per hour (half of it immediately). One of its longest-running drives was won recently at Westchester County's Lawrence Hospital. In 1965, 1199 first tried to organize Lawrence but, despite a 55-day strike and support from civil rights leaders, it failed to push management to grant union recognition. Thirty-six years later, with Lawrence one of only three nonunion hospitals in the county, 1199 again tried and failed, losing a close (124 to 119) March 2001 election. But 1199 poured in even more organizers, led mass marches, put up train station billboards, and picketed at the homes of some members of the hospital's board of directors to protest alleged management intimidation of voting workers. On August 20, a NLRB hearing officer in Manhattan agreed that the hospital had illegally intimidated workers and she ordered a new election. The ruling noted that management had made employees attend 13 general meetings before the March vote and had broken labor law by suggesting that their jobs would be at risk if the union won. Finally last April, a majority (145 to 118) of workers voted to join the union.

In early July, adjunct professors at NYU voted to join Adjuncts Come Together-UAW (ACT-UAW) a local of the United Auto Workers union, making it the largest adjunct-only union in the country. After ACT-UAW and rival union AFT split the majority pro-union vote in a first-round election, UAW won the run-off tally (827 to 688). Nationwide, there are now nearly a half-million adjunct faculty who account for over two-fifths of college and university teachers. As universities continue to hire more such part-time untenured adjuncts than full-time tenure-track professors, their share of teaching loads and the adjunct/full-timer salary gap have continued to grow.

Columbia University graduate students employed on campus as faculty research aides or teaching assistants last year petitioned the NLRB for a union election. They are now locked in a legal battle over Columbia's refusal to agree to an election. Grad assistants routinely work 20 or more hours weekly on faculty research projects or teaching classes and grading papers for low stipends. The Columbia organizing drive is led by UAW Local 2110, fresh off its victory the year before winning union representation for 1700 NYU graduate assistants against bitter opposition from the university administration. The NYU campaign led to a key ruling from the NLRB's New York regional office. In a first for private universities, the board held that grad assistants were indeed workers and had the right to organize into a union. Their counterparts at CUNY and other public universities, governed by state labor laws, won the right to join unions years ago.

But organizing efforts have also suffered recent setbacks. One of the largest came in January, Delta flights attendants lost a 4-year effort to organize the notoriously nonunion carrier. After building the biggest organizing drive at a private firm since the 1960s, the union saw its momentum halted after September 11th, as the company claimed it was in danger of bankruptcy. According to the National Mediation Board, just 29% of the over 19,000 eligible employees voted. Even though 98% of the votes were for the union, the arcane rules of airline union elections require that a majority of all eligible workers must vote for the union. Even before the vote, the union had charged Delta with widespread unfair labor practices aimed at interfering with the election. The mediation board had ruled in October that these charges merited investigation, and the union has promised to use them now as the legal basis to seek a new election.

Organizing efforts among immigrant workers appeared to be gaining new momentum early this year after the AFL-CIO national convention passed a historic resolution to increase labor and employer respect for immigrant worker rights. For the first time, the federation put its support behind proposals to grant amnesty for resident aliens workers lacking legal documents and to end INS harassment of the undocumented at work.

But immigrants' legal rights to seek union representation were set back in March by a U.S. Supreme Court ruling in *Hoffman Plastic Compounds, Inc. v. NLRB*. The case involved an undocumented immigrant employee at Hoffman Plastics who was fired as punishment for his union organizing efforts. Since such a layoff is a violation of national labor law, the National Labor Relations Board ordered the employer to compensate the fired worker with back pay for the work period he lost due to the layoff. But the Supreme Court ruled that Hoffman did not owe the back pay, since the former employee had unlawfully obtained his job with fraudulent papers.

While it is too early to see the full implications of the Hoffman decision, it is worth underlining that it does not change the rights of immigrant workers (with or without legal papers) to organize unions or to demand proper wages for the hours that they have worked. The U.S. Labor Department recently confirmed that:

> "The Department's Wage and Hour Division will continue to enforce the FLSA [Fair Labor Standards Act] and MSPA [Migrant and Seasonal Agricultural Worker Protection Act] without regard to whether an employee is documented or undocumented. Enforcement of these laws is distinguishable from ordering back pay under the NLRA. In Hoffman Plastics, the NLRB sought back pay for time an employee would have worked if he had not been illegally discharged, under a law that permitted but did not require back pay as a remedy. Under the FLSA or MPSA, the Department (or an employee) seeks back pay for hours an employee has actually worked, under laws that require payment for such work."[16]

At the state level, New York unions and their community and religious allies have recently won some modest progress in Albany toward improving workers' organizing rights and combating sweatshop workplaces:

- The state AFL-CIO led a hard-fought lobbying effort that won passage of a new law that bars any employer from using state funds to hire law firms or consultants to mount anti-union campaigns. Any business or non-profit receiving state contracts or grants of any amount are covered. The law supplements a pre-existing ban against employer use of state money to train employees to battle unions. But it was a partial victory for unions, who failed to win a broader measure that would have also required such employers to pledge that they would adopt a neutrality stance of non-interference during union organizing drives.

- Union organizing at the state's Catholic schools and gambling casinos also got a boost when Governor Pataki signed a new law that grants unions the right to use the card-check method (instead of formal NLRB elections) for winning recognition as the bargaining agent among non-government workers in New York State who are not covered by federal labor laws. Workers at casinos on Native American lands and Roman Catholic schoolteachers are among those likely to be covered by the law.

- A new anti-sweatshop law requires state agencies to restrict their purchases of uniforms to "fair-labor-practice" manufacturers. The legislature also approved a new law to enable all school districts to boycott school clothing made by manufacturers. The law changes ordering rules to allow use of manufacturers' labor standards as a criterion, rather than old system that required school to accept lowest bid, regardless of firm's labor conditions.

- However, despite overwhelming public support in opinion polls, the effort to raise the state minimum wage from its current $5.15 level to $6.75 per hour was blocked in the final days of the legislative session in June. The State Assembly and the Republican-controlled State Senate had responded to a major push by organized labor by reaching a tentative agreement on the wage hike. Governor Pataki, facing reelection in November, claimed publicly to be "open-minded" about the popular bill. But, according to the *New York Times*, in late June he successfully pressured senators behind the scenes to renege on the agreement.[17] Gov. Pataki and the legislature also failed to approve the highly popular proposal to extend unemployment benefits for workers still displaced since Sept. 11.

- The Pataki administration's most widely criticized action was to successfully persuade a judge that the state was not obliged to provide its public school children with more than an 8th-grade education. In a June ruling, the court overturned the earlier decision of Judge Leland DeGrasse that ordered the state to overhaul its inequitable school financing system to assure that children in low-income school districts would be provided the "sound basic education" guaranteed by earlier rulings under the NY State constitution. Under heavy attack during the fall election campaign, the governor tried to distance himself from his lawyers' success at reversing the DeGrasse decision.

Union Contract Battles

Even in the face of growing worker anxiety over high unemployment and employer pressure for wage freezes or cuts, a New York unions this past year have engaged in forceful bargaining in major contract negotiations, with mixed results thus far. Some of the most notable include:

Health Care Workers. The Health and Human Service Union 1199/SEIU sealed a new contract for its 55,000 workers at 67 of the city's private nonprofit hospitals and nursing homes. In addition to wage increases averaging 3.8% per year, the settlement provides strong job-security protections. Except in cases where a hospital is in financial crisis or actually close, no worker wih over 6 years of seniority may be laid off. The union's agreement with the League of Voluntary Hospitals (representing Mt. Sinai, St. Vincent's Montefiore, and most other private hospitals) was based on state aid promised by the governor. Although the old contract had expired last October, the union chose to avoid any possible additional disruption after the September attacks by delaying the start of negotiations on a new contract for 2 months.

UPS Workers. Part-time workers at United Parcel Service, a central focus of the historic 1997 strike, won higher wages and pensions as well as new health insurance coverage in a new Teamsters contract ratified this fall. The agreement, covering 210,000 drivers, loaders and other employees here and across the country, gives pay raises of $6 per hour to part-timers and $5 per hour to full-timers over the 6-year life of the contract. Over the same (unusually long) time span, full-timers will gain 3.75 per hour in extra health, welfare and pension increases.

CUNY Faculty. The City University of New York's faculty union, the Professional Staff Congress, finally won a new contract in June, with pay gains for both full-time and part-time professors. The contract raises 5640 full-time faculty salaries an average of 7.2% and also offers untenured full-timers a paid semester's leave for research. The 7250 part-time adjunsts, who now carry half the undergraduate teaching load, will for the first time be paid, at their standard wage rate, for another hour each week for office hours, professional development or campus activities. The contract is retroactive to August 2000, but ends October 2002 when planning for a new round of contract talks must begin again.

Public School Teachers. In early April, a state fact-finding panel recommended that their pay be increased 15% over 27 months. It reasoned that the teachers deserved at least as much as the 9% hike already won by most municipal workers. And an added 6% was recommended if the union agreed to a 20-minute lengthening of the school day. The panel also addressed the city's need to meet a September 2003 state deadline that all newly hired teachers be certified. A $3100 hiring bonus was proposed which, on top of the basic raise, would lift a new teacher's salary 25%, to $40,000. The United Federation of Teachers (UFT) immediately welcomed the recommendations as a solid basis for a contract agreement.

The 2002 school year opened in September with a new centralized leadership in the city under the control of the mayor. Mayor control was won in June just as the city finally agreed to a new teachers' contract. Some 19 months after its old contract expired, the UFT won a 16 to 22% pay hike over 30 months, as well as a no-layoff pledge and hiring bonuses for new teachers. The agreement narrowed the teachers' pay gap with suburban districts, though they still lag well behind Long Island and Westchester pay levels. And the pay disadvantage and longer work day will make it that much more difficult for the city to attract quality teachers with the full credentials now required for all faculty by Sept. 2003.

Police and Firefighters. Other city unions view the teachers' pay gains as a standard which they deserve to have matched. The uniformed services appeared to be in a strong bargaining position after their widely praised efforts in last year's twin towers attacks. The Patrolmen's Benevolent Association (PBA) spent much of the spring in arbitration hearings in which their economists battled the city's experts over what a just pay hike would be. In the end, the state's Public Employment Relations Board (PERB) approved a 24-month contract with retroactive salary increases of 5% each year. The panel refused the PBA's request for a 21% "market adjustment" raise to close the gap with higher-paid suburban police. PERB's decision explicitly referred to the city's worsened fiscal environment, as well as streesing its desire to follow the "pattern" set by the Uniformed Forces Coalition agreement in 2001.[18]

After losing 343 of their brave colleagues at the World Trade Center, the city's firefighters were surprised to find themselves confronted in contract negotiations this fall with City Hall claims of empty pockets. Four years have elapsed since they last received a pay raise, and they have worked without a contract since April 2000. And recent news reports have revealed that City Hall's offer to raise wages 11.5% over 30 months has so far been met by large demonstrations and a nearly unanimous rejection by Uniformed Firefighter Association delegates.

At the same time, the Bush/Cheney administration has blocked $90 million approved by Congress for a health study of firefighters and others who worked at the World Trade Center ruins. One in four firefighters who worked there last fall developed respiratory ailments. Of these, as many as 500 may have chronic breathing problems requiring early retirement. In addition, the number of stress-related incidents in the department over the past 11 months is 17 times the level in the same period prior to 9/11.[19]

Transit Workers. After a 7-week strike this summer affecting over 100,000 riders, 1,500 bus drivers and mechanics in Queens approved a new contract in early August. The agreement, between Transport Workers Union Local 100 and 3 private bus lines, provides a pay hike of 9% over 27 months, retroactive to the January 2001 expiration of the last contract.

A potentially far more significant strike is now a possibility for mid-December when the TWU contract covering 34,000 New York City Transit subway and bus workers expires. Among the key union demands is pay and benefit increases to close the gap with comparable suburban workers on Metro North and the Long Island Rail Road.

Day Care Workers. Over 7,000 workers who care for 60,000 children in city-sponsored day care centers have been without a new contract since December 2000. The 360 centers provide day care for low-income families and many center teachers have the same training and certification as public school teachers, though they are paid considerably less. Despite talk of a possible strike, City Hall has offered no pay increases in negotiations with the Day Care Council, the workers' bargaining representative.

Municipal Workers. Another major contract negotiation underway involves District Council 37, the city's 125,000-member municipal workers union, saw its "economic contract" covering wage levels expire on July 1st. The union's negotiations with the city are being led by a new leadership team. In February, it was released by its parent union, AFSCME, from 3 years of trusteeship aimed at correcting conditions that had allowed leadership corruption to cripple the union 4 years ago. Nearly two dozen top officials were convicted of embezzlement, stuffing ballot boxes to win an unpopular contract vote, and other crimes. Lee Saunders oversaw the installation of new balloting, financial reporting and auditing systems, in addition to winning a 9 wage hike over the three years of the current contract. The new President of DC37, Lillian Roberts, led the union's organizing drive in public hospitals during the 1960s and 1970s, under former president Victor Gotbaum, before leaving to become NY State Labor Commissioner. In May, she presented an ambitious report, *We Can Do The Work*, in which union researchers outlined proposals to save the city budget some $600 million through such measures as civilianizing hundreds of police desk jobs and shifting back to city departments billions in current projects now assigned to private contractors.

Recovery Challenges

Faced with no prospect of serious economic stimulus aid from the White House to help with the multi-billion dollar state and New York City deficits in the coming fiscal year, both Mayor Michael Bloomberg and Governor Pataki have so far offered no proposals beyond service cuts, work force contractions, and still more borrowing. Both refused to consider New York City Council proposals for a small city income tax surcharge and restoration of the local commuter tax, measures that would have taken a more equitable approach, demanding slightly higher taxes from the wealthy. Instead, Bloomberg and Pataki imposed regressive new tax hikes on telephones and cigarettes. The city tax on regular phone service will be tripled to $1 per month per phone. And the combined city/state tax on cell phones is being doubled to $1.50 per month. Bloomberg said little about his tax hike on basic phone service, stressing instead the alleged health benefits to youth from imposing a steep $1.42 hike in the city's cigarette tax.

In New York City, burdened by another $5 billion deficit in the coming fiscal year (starting July 2003), recovery will be aided insofar as less painful measures than draconian layoffs and wage freezes can be found to balance the budget. Recent reports suggest that a post-election mayor may be persuaded to consider modest tax increases. For example, the Independent Budget office has estimated the revenue available from a wide variety of new measures, including:[20]

- Raise by 1 percentage point the city's base personal income tax (P.I.T.) on high-income filers (over $250,000 in household income): Revenue to NYC (by 2003) = $563 million
- Levy a temporary 10% surcharge on all city residents' P.I.T.: Revenue to NYC (by 2003) = $542 million
- Raise the city property tax rate by 5%: Revenue to NYC (by 2003) = $487 million
- Restore the stock transfer tax, at one-tenth its original rate: Revenue to NYC (by 2003) = $825 million
- Toll East River bridges: Revenue to NYC (by 2003) = $160 million
- Restore the commuter tax: Revenue to NYC (by 2003) = $413 million.

This set of 6 measures would generate an estimated $2.99 billion, thereby covering three-fifths of the budget gap before any service or job cuts need to be considered. Such cuts could likely be entirely avoided if the federal and state governments finally allocated the city a fair share of health and education funds.

The New York City Council last spring showed strong support for many such proposals. And the Council also voted overwhelmingly to pass a new living wage bill for the city. In fact, New York was one of the first cities to adopt its own, little-known living wage law in 1996 (over the veto of Mayor Giuliani). But, in response to opposition from nonprofit service providers worried about their own labor costs, it was narrowed down to cover only about 1400 cleaners, food service workers, and security guards at companies with city contracts. The new proposal aims to vastly improve the coverage and pay of the earlier law, while protecting the nonprofits. It sets a minimum floor of $8.10 an hour with health benefits in 2002. This wage floor must be increased by $0.50 per year through 2006, then indexed to the inflation rate thereafter. The law requires that a living wage be paid by employers who receive: (1) city service contracts with home health care providers and certain daycare, Cerebral Palsy, and Head Start centers; (2) large leases in City-owned buildings (20,000 square feet or more); or (3) large economic development subsidies through tax abatements, grants, or land (over $500,000), or tax-exempt bond financing ($10 million or more). Also covered by the law are the street cleaners and security guards employed by New York's 42 Business Improvement Districts, publicly regulated organizations of commercial property owners working to clean up and rejuvenate certain neighborhoods.

Critics charge that such a living wage law is too costly to the public treasury, as well as to nonprofit service providers and affected business firms. However, proponents point to a number of major cost savings and sizable benefits. First, for the home healthcare providers who account for three-fourths of all workers covered, the existing Medicaid cost-allocation system ensures that 90% of the costs will be provided by the state and federal governments. Under Medicaid, each $1 of a city's funding triggers $9 in state and federal matching funds. Also, employers are likely to benefit from higher productivity and lower turnover as worker morale rises with the living wage. Lower work force turnover also saves on recruitment, hiring and training costs. A "pass-through" wage provision also requires the city to add enough extra money to its contracts with service providers to cover their additional labor costs. Active union backers like CWA, SEIU 1199, UFCW and UNITE, have been joined in support of the proposal by a surprising number of large and influential nonprofit service providers.[21]

The living wage proposal is also part of one of the most ambitious sets of proposals for the city's economic recovery. An unusually broad coalition of community groups, labor unions, religious leaders, non-profits, and urban scholars began meeting regularly last fall for what would become a 6-month effort to develop a new, affordable and sustainable approach to rebuilding and job creation. In their final report, they recommend leveraging federal assistance funds to undertake: (1) a $1 billion public/private employment program, using money from $2.7 billion in federal economic development block grants to generate 75,000 new jobs throughout the 5 boroughs for unemployed city residents. Employers would be required to pay living wage rates plus benefits, as well as to pledge neutrality in any union organizing efforts; (2) Major new construction and rehabilitation of largely low- and moderate-income housing would be undertaken, both providing new jobs and apprentice training for unemployed residents and expanding much-needed affordable housing stock. Funding would be drawn from the $5 billion in government borrowing for "Liberty Zone" investments.[22] The City Council has of late shown considerable support for such a plan.

Many business and government representatives argue that the current recessionary period in New York is the wrong time for public programs to create jobs or raise wages – whether through a higher minimum wage, a living wage, or union contracts – or for progressive tax plans to avoid budget-balancing job and service cuts. Such measures may, they warn, drive businesses and the wealthy to leave. Against their concerns must be weighed the likely damage to working families' living standards and to the quality of local schools, transportation, health care, police and fire protection – and thereby to the city's future attractiveness to new businesses -- from a negative policy approach demanding still more service cuts, labor concessions and regressive taxes and service fees.

Table 1

Number of Nonfarm Jobs (in thousands) by Place of Work: 2001-2002

	June 2002	June 2001	% CHG
U.S.	131,849.0	133,299.0	-1.1%
NY State	8,628.5	8,718.9	-1.0
New York City	3,632.0	3,730.6	-2.6
Nassau-Suffolk	1,247.3	1,243.5	0.3

Source: Establishment data (not seasonally adjusted) from NY State Dept. of Labor.
Note that the data reflect regular revisions made by the Dept. of Labor.

Table 2
Civilian Labor Force, Employment & Unemployment:
New York City, Nassau-Suffolk & All U.S., June 2001 – June 2002
(in thousands, not seasonally adjusted)

	Labor Force		Employed		Unemployed		Unemp. Rate	
AREA	June 2002	June 2001	June 2002	June 2001	June 2002	June 2001	June 2002	June 2001
U.S.	143669.0	142685.0	134992.0	135923.0	8677.0	6762.0	6.0%	4.7%
NYC	3549.4	3486.6	3281.2	3301.8	268.2	184.8	7.6	5.3
Brooklyn	988.6	969.5	907.2	912.9	81.4	56.6	8.2	5.8
Bronx	478.2	467.2	434.1	436.8	44.1	30.4	9.2	6.5
Manhattan	860.4	846.5	795.4	800.4	65.0	46.1	7.6	5.4
Queens	1017.6	1002.5	953.1	959.1	64.5	43.4	6.3	4.3
Staten Island	204.7	200.9	191.4	192.6	13.3	8.3	6.5	4.1
Nassau-Suff.	1455.7	1414.2	1394.6	1369.9	61.1	44.3	4.2	3.1
Nassau Co.	713.5	692.9	684.1	672.0	29.4	20.9	4.1	3.0
Suffolk Co.	742.2	721.4	710.5	697.9	31.7	23.5	4.3	3.3

Source: CPS household survey data from NY State Department of Labor, 2002. Note that the data reflect regular revisions made by the Dept. of Labor.

Figure 1
NYC Job Growth by Industry: June 2001 – June 2002
(in thousands of jobs, and percent change)

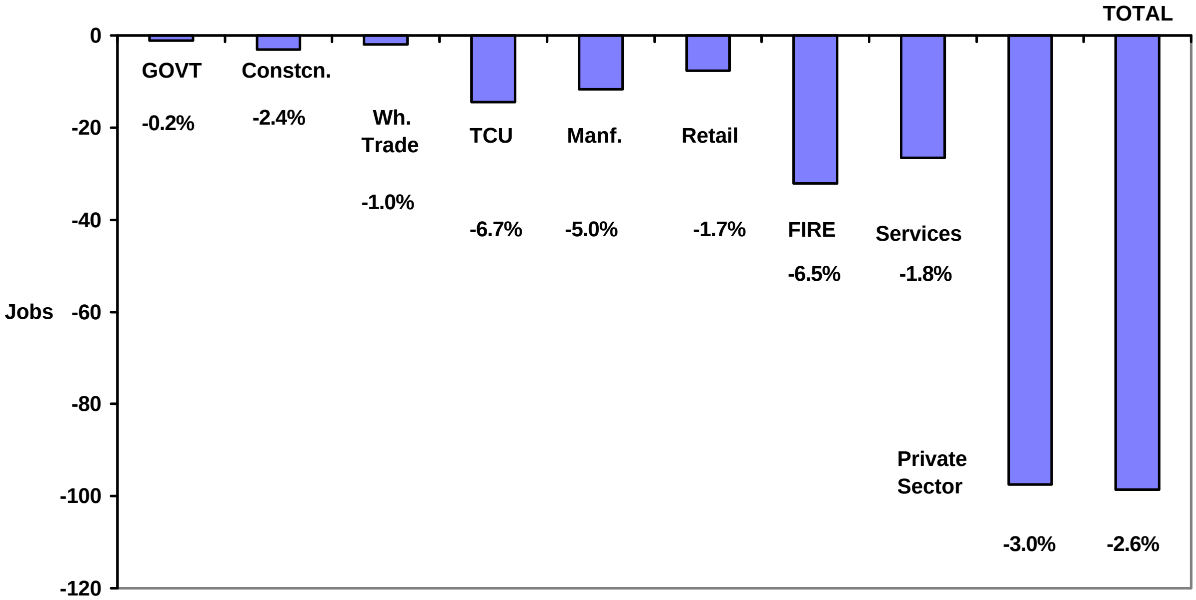
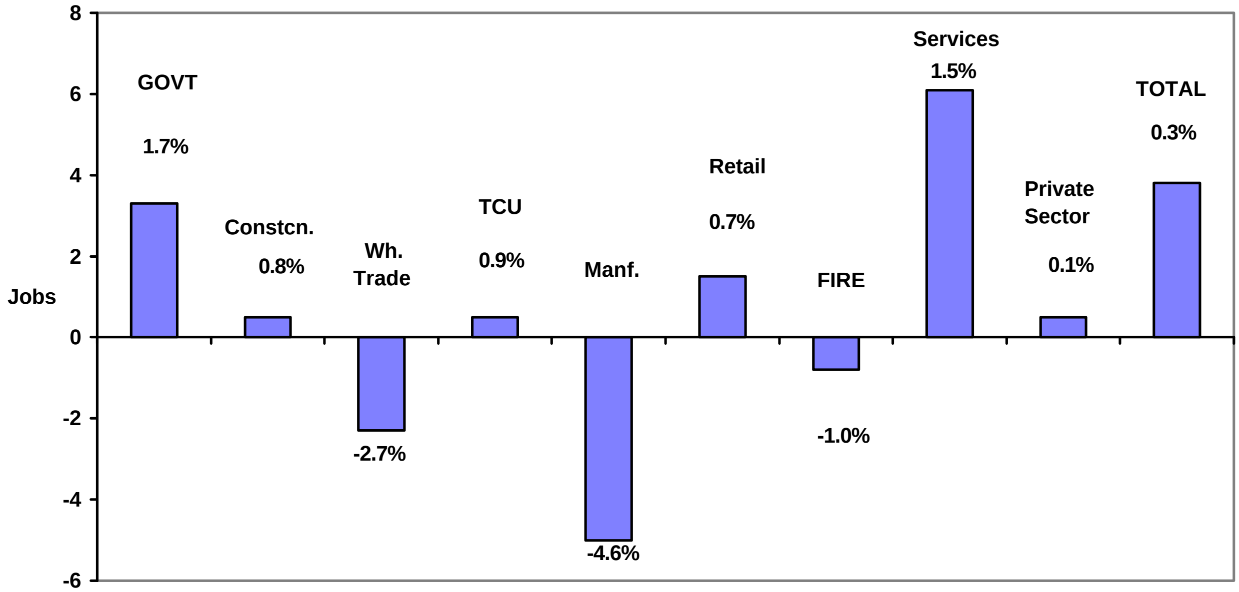


Figure 2
Nassau-Suffolk Job Growth by Industry: June 2001 – June 2002
(in thousands of jobs, and percent change)



Source: NYS Dept. of Labor: nonfarm payroll job data from CES establishment survey. Year-to-year changes, not seasonally adjusted.
Note: FIRE = Finance, Insurance, Real Estate; TCU = Transport, Communications, Utilities..

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