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Regional Labor Review

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THE CURRENT JOB OUTLOOK

Why Is Wage Growth So Weak When Unemployment Is So Low

by Gregory DeFreitas

This fall marks the 10th anniversary of the autumn 2008 financial meltdown of the Great Recession. Compared with those dark days, recent headlines paint a mostly bright job picture: the national unemployment rate is now under 4% -- its lowest level in a half-century -- net job growth averages over 200,000 per month, and average hourly wages rose 3.1% in the 12 months through September. In opening the White House “Pledge to America’s Workers” business conference in late October, Presidential Advisor Ivanka Trump claimed: “The reality is that we have an incredible economy, a robust economy. And that’s because of deregulation, because of tax reform. And for the first time in history, we have more vacant jobs than we have unemployed workers to fill them.”

In fact, the national trends downward in unemployment and upward in job growth long predate the current administration’s arrival in 2017. The unemployment rate began steadily falling from its Great Recession peak of 10% in late 2009 and was down to 4.6% at the time of the 2016 election. Likewise, monthly job growth turned positive in early 2010 and has increased since then for a record-breaking 96 months as of October. The claim that job vacancies now outnumber jobseekers for the first time in history omits all history prior to 2001, when the Labor Department first began consistently estimating job openings. And the widely cited 3.1% wage increase was in nominal wages, unadjusted for price inflation. Once inflation’s erosion of purchasing power is subtracted, the real wage change over that period was a mere 0.5%. The newly released figures for October reveal that real hourly pay fell below September’s level and, for the past 12 months, has increased the average employee’s hourly pay by only seven cents.

Why, if employers are truly having more difficulty finding the employees to fill job openings, are most working people still suffering pay paralysis? Common sense -- and over two centuries of mainstream economics -- expects that tighter job markets should pressure employers to raise hiring incentives, especially wages and salaries.

Two possible explanations have been highlighted by most economists looking into this important puzzle. First, the labor market may not really be as tight as the unemployment and job vacancy estimates alone suggest. Alternative indicators like the broader underemployment rate and the fraction of the adult population employed may give a more complete picture. The second group of explanations draws on recent research about whether job and pay structures have decisively shifted to favor powerful employers. Insofar as power in both product and labor markets has become far more concentrated in a few large firms in key industries, with less and less counterbalance by unions, employers’ pay policies may have become far less sensitive to shrinking supplies of available workers.

In this article I look briefly at these issues through a lens focused on metropolitan job markets, particularly the New York City/Long Island metro area. I first summarize the latest labor market indicators, both nationally and in the New York metropolitan area. Then I report new findings from large national surveys on the latest pay and underemployment trends in New York and other major metro labor markets. Finally, I try to summarize what these findings may imply about economists’ efforts to explain recent earnings patterns.

Metro-Level Job Trends

Over half the nation’s metropolitan areas now have unemployment rates below the nation’s 3.6%. Still, only one in seven recorded over-the-year net job growth since this time in 2017. Among this small minority, the largest metro area, centered on New York City and Long Island, now boasts more total jobs than ever before (Figures 1 and 2). In the 12 months since September 2017, New York City gained another 71,000 net new jobs – a 1.6% growth rate close to the national pace. Long Island’s much smaller population gained another 10,000 jobs, though at a rate (0.7%) less than half that of the city. And its job growth has been cut about in half from its former pace last spring (Table 1).

Where have all these jobs been coming from? New York’s additions last year are overwhelmingly in service industries (+60,500, or over half of all new jobs). Within this supersector, health care added 32,500 positions, mostly in ambulatory and home health services. The second leading service component was hotels, restaurants and others in the leisure/hospitality group (+11,300). Construction employment increased the most in percentage terms (+4.4%), as the city’s ongoing construction boom marked its seventh year of job growth. The boom has come in both the public and private sectors, residential and non-residential, pushing the industry’s job count above 150,000 for the past two years -- the most since consistent monthly job counts began in 1990. Long Island City, the section of Queens just across the river from Midtown Manhattan, is the epicenter of residential construction. One study
state and city subsidies granted the retail giant hope to shape the amount and location of all such future development.

Of the neighborhoods nationwide experiencing the most residential construction, four of the top ten are in Manhattan and Brooklyn. Office, hotel and other non-residential development is also booming, according to 2018 data, leading over 60% above the 2017 level. Public sector infrastructure investments are also expanding, up nearly one-third in 2017-2018. As part of the city’s 10-year capital program, almost $20 billion of new spending is underway repairing or replacing roads, bridges, airports, transit lines, and water mains.

Aside from services and construction, retailers increased hiring slightly (+1,300, or 1%) and commercial bank hiring (+2,600) counterbalanced weakness in insurance, investment banking and securities information industries. The city’s hiring was flat in manufacturing, wholesale trade, government and information sectors, on-services sectors were flat or declined.

Like the city, Long Island’s job growth is today narrowly concentrated in two sectors: services (+7,200) and construction (+7,000). Nearly two-fifths of new service jobs are in health care (+2,800), another 1,500-1,600 were added in professional/technical and business services and in leisure/hospitality. The only other growing industry cluster is transportation/warehousing/utilities, which added a modest 1,600 (+3.7%) net new jobs.

Long Island construction registered the most rapid pace of growth: up a whopping 8.5% over the 12 months through this September. The industry’s total job count averaged 90,000 in July-September, the most in 28 years of record-keeping. A notable change was the rising share of new residential construction of rental units in downtowns and suburban centers like Hempstead, Syosset and Port Jefferson. On an island with barely one-fifth of its housing stock rentals, more affordable, transit-oriented rental developments are increasingly popular as a means to attract and retain young workers. In this same 12-month span, financial positions on Long Island shrank by 2,100, the retail and manufacturing workforces each declined by 1,300 to 1,400 jobs and both wholesale trade and government contracting fell flat. Education maintained its other 500 positions, and it appears there is more pain coming early next year: soon after Broadcom bought Islandia-based CA Tech this summer, they announced plans to lay off 262 former CA employees.

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Wage Trends

We have just seen that, whether considering the official unemployment rate or such broader measures as underemployment and the employment-population ratio, the labor markets here appear roughly as tight as they were in the peak year of the longest economic boom in U.S. history. So has this translated into comparable wage growth in New York and other large metro areas, as traditional competitive market viewpoints predict?

Looking first at the national picture, Figure 7 traces inflation-adjusted annual averages from 1964 to 2018. The estimates are limited to nonfarm employees in nonsupervisory service jobs, as well as production workers in manufacturing, mining, forestry and construction - i.e., four-fifths of all private sector employees. I have adjusted the yearly wages to their 2018 purchasing power with the CPI-W price index. In the 1960s and early seventies, real wages increased by nearly $3/hour, or +14.3% in 1964-73 (or average growth of +2.84%/year). They peaked at $22.78 in 1972. Wages fell during the 1973-75 recession years, partially recovered, then fell with little respite during the Reagan and Bush administrations. From a low of $19.11 in 1995, real wages began a steep recovery during the record-breaking boom of the late 1990s that lasted until peaking at $21 in 2003. The 9.8% upturn in 1995-2003 increased average annual real wages (in $2018) by $1.88/hr. – a full dollar below the 1964-73 increase.

|---------------------------|------------|------------|------------|-----------
| U.S.                      | 161,957    | 161,050    | 156,191    | 3.6%      |
| NYC                       | 4,217.0    | 4,243.2    | 4,047.3    | 3.4%      |
| Long Island               | 1,244.1    | 1,251.8    | 1,192.5    | 3.6       |
| Manhattan                 | 938.8      | 944.1      | 905.0      | 3.6       |
| Queens                    | 1,189.0    | 1,195.8    | 1,147.3    | 3.5       |
| Staten Island             | 226.4      | 228.0      | 217.3      | 4.2       |
| LONG ISLAND               | 1,505.6    | 1,499.0    | 1,455.6    | 3.3       |
| Nassau Co.                | 716.3      | 713.0      | 692.8      | 3.6       |
| Suffolk Co.               | 789.4      | 786.1      | 762.9      | 3.4       |

Table 2 Source: CPS household survey data from NYS Dept. of Labor. Data reflect regular revisions by Dept. of Labor.
The lagged pay impact of the Great Recession pulled down average wages in 2010-12, but then they started recovering and reached $22.68 by the end of the Obama Administration in 2016. Since then, earnings have barely kept up with higher price inflation: the average wage has effectively stagnated today at just six cents above its 2016 level. Over the span 2010-18, the real pay average rose by just 87 cents/hr. – $1 lower growth than in 1995-2003. So, it has taken 46 years for American workers’ average wages to finally creep back almost to the 1972 level and they are still rising at an unusually slow pace.

To track comparable wage trends for New York City and Long Island, I analyzed monthly Current Population Survey (CPS-ORG) household microdata for each year since the 2000 peak year. The study sample was restricted to: prime-age, full-time, nonfarm workers, who are not enrolled in school. The estimates in Table 4 reveal that average New York City hourly pay has moved relatively little between 2000 and 2018, rising by a mere 29 cents/hr. over that period. The annual white-collar wage rise since 2000 has been $1.03/hr. for New York City workers in nonsupervisory service jobs, as well as production workers. To illustrate this shortfall, Table 4 includes the estimates for 1995.

**Figure 5**

The lagged pay impact of the Great Recession pulled down average wages in 2010-12, but then they started recovering and reached $22.68 by the end of the Obama Administration in 2016. Since then, earnings have barely kept up with higher price inflation: the average wage has effectively stagnated today at just six cents above its 2016 level. Over the span 2010-18, the real pay average rose by just 87 cents/hr. – $1 lower growth than in 1995-2003. So, it has taken 46 years for American workers’ average wages to finally creep back almost to the 1972 level and they are still rising at an unusually slow pace.

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**Table 3. Employment Rate of Adult Population (E/P), 2000-2018**

<table>
<thead>
<tr>
<th>US METROS</th>
<th>All</th>
<th>Men</th>
<th>Women</th>
<th>Whites</th>
<th>Blacks</th>
<th>Hispanic</th>
<th>Youth 16-24</th>
<th>Foreign Born</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>72.0</td>
<td>79.4</td>
<td>64.9</td>
<td>75.0</td>
<td>65.6</td>
<td>69.6</td>
<td>58.4</td>
<td>73.4</td>
</tr>
<tr>
<td>2010</td>
<td>64.2</td>
<td>69.7</td>
<td>58.8</td>
<td>67.5</td>
<td>56.2</td>
<td>62.0</td>
<td>42.4</td>
<td>62.8</td>
</tr>
<tr>
<td>2016</td>
<td>67.3</td>
<td>73.6</td>
<td>61.2</td>
<td>70.1</td>
<td>61.5</td>
<td>65.8</td>
<td>47.6</td>
<td>65.4</td>
</tr>
<tr>
<td>2018</td>
<td>68.8</td>
<td>75.1</td>
<td>62.8</td>
<td>71.2</td>
<td>64.7</td>
<td>67.4</td>
<td>48.5</td>
<td>70.2</td>
</tr>
</tbody>
</table>

**Table 3 Note:** US Metros are 20 largest outside NY. 2018 rates through September only.

Source: Author’s analysis of CPS-ORG monthly microdata from US Dept. of Labor, BLS.

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**Explanations**

How can one begin to account for our findings of such weak wage growth? One still not uncommon claim made by conservative economists and politicians pins much of the blame on workers’ lack of needed skills. Rapid advances in computing and telecom are said to have created “skill-based technical change” (SBTC) leading to an alleged mismatch between jobseekers and employers’ modern skill demands. The fact that today the average wage premium of college grads over noncollege workers is at a record high is often cited as evidence. If pay paralysis is all the fault of labor supply, then college graduates and those with advanced degrees must be to blame. However, even college graduates and those with advanced degrees have experienced shrinking wages over the past decade. The median college grad wage rate fell by $4 per hour (-1.59 percent per year) and the wage of workers with advanced degrees fell by $2.25 (-6.4 percent per year). Wage declines hit both males and females with top educational credentials. So, while higher education still offers a large pay premium after graduation, the size of that wage advantage has declined, not risen, since the pre-recession years. This finding runs counter to the SBTC explanation and suggests that other factors than just training and technology must lie behind recent earnings trends.

With national and local unemployment rates and related employment measures at historic lows and with skill-shortage claims inadequate, traditional market-driven forces appear unsuited to explain today’s feeble earnings growth. So, economists have had to look for other explanations, one of which highlighted an historic shift in power to corporate boardrooms.

A growing number of economic studies has documented another potentially important source of pay paralysis: the rise of concentrated corporate power in product markets (monopolies) and labor markets (monopsonies). If more and more workers are trapped in an uncompetitive “rigged labor market,” effectively controlled by a handful of big corporations, their ability to rapidly move to different, better-paying jobs may be tightly limited, thereby blocking their pay progress. An estimated one in four American workers today is forced to sign a “non-compete agreement” as a condition for employment. Though often defended as a needed protective for “trade secrets,” non-competes have spread even to low-skill retail, including a majority of fast-food franchises. If an employee quits a job with a noncompete agreement, her former employer can litigate and have that worker barred or ousted from a new job by court order. Still another major obstacle to worker mobility, occupational licensing, has been extended from technical jobs to even hair stylists. And the spread of mandatory arbitration agreements in job contracts has further limited employees bargaining power when they seek to oppose unfairness in promotions, compensation or other job conditions. Over the last two decades, the fraction of employees subject to such agreements has more than doubled (to 55%).

Rightward policy shifts in the White House, Congress, the courts and many statehouses have much aided large employer’s control of job markets. Since 2010, at both the state and national level, Republican leaders have mostly resisted increases in the minimum
Table 4. Median Real Wages of Full-time Non-Managerial Workers, Ages 25-54, New York City, Long Island & Other Big Metro Areas, (in $2018, annual median)

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>US METROS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>$22.28</td>
<td>$24.62</td>
<td>$20.19</td>
</tr>
<tr>
<td>2010</td>
<td>21.98</td>
<td>23.86</td>
<td>20.57</td>
</tr>
<tr>
<td>2016</td>
<td>22.60</td>
<td>24.09</td>
<td>20.90</td>
</tr>
<tr>
<td>2018</td>
<td>23.00</td>
<td>25.00</td>
<td>20.94</td>
</tr>
<tr>
<td>NYC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>21.71</td>
<td>22.61</td>
<td>20.71</td>
</tr>
<tr>
<td>2016</td>
<td>22.08</td>
<td>23.44</td>
<td>21.64</td>
</tr>
<tr>
<td>2018</td>
<td>22.00</td>
<td>23.06</td>
<td>21.15</td>
</tr>
<tr>
<td>LONG ISLAND</td>
<td>26.38</td>
<td>28.99</td>
<td>22.61</td>
</tr>
<tr>
<td>2010</td>
<td>25.11</td>
<td>27.25</td>
<td>24.13</td>
</tr>
<tr>
<td>2016</td>
<td>24.72</td>
<td>26.03</td>
<td>22.51</td>
</tr>
<tr>
<td>2018</td>
<td>27.88</td>
<td>28.00</td>
<td>26.00</td>
</tr>
</tbody>
</table>

The pitched battle is especially intense today at the massive $25 billion Hudson Yards residential and commercial complex now underway on Manhattan’s West Side. The city’s biggest developer, Related Companies, has aggressively shifted from all-union workers to an “open-shop” approach pitting union standards against typically lower nonunion rates. Related has filed a lawsuit against the Building and Construction Trades Council of Greater New York (BCTC), the unions’ umbrella group, claiming its member unions have violated their PLAs. The BCTC has responded with daily picket lines at Related’s $4 billion office tower now underway construction and has filed complaints of employer harassment with the NLRB. According to BCTC President Gary LaBarbera, “...they have filed a complaint with the National Labor Relations Board. According to BCTC President Gary LaBarbera, “...they have filed a complaint with the National Labor Relations Board. Related “...continues to look for deeper and deeper concessions, while they’re selling condos for $32 million.”

The construction unions’ fight to protect their workers’ livelihoods has made some headway with political allies in City Hall and at the statehouse in Albany. When worker deaths on (mostly nonunion) construction sites surged, the BCTC successfully lobbied the NYC City Council last year to pass a new requirement that all construction

wage and led “right-to-work” efforts to gut unions’ ability to collect fair-share fees from the nonunion workers they represent. They have a new ally on the increasingly pro-employer, anti-labor Supreme Court. Its recent Janus ruling threatens funding for all public sector unions. And Brett Kavanaugh, its newest member, has long held an expansive view of employer rights to suppress union organizing.

Finally, pay parity is clearly correlated with the decline of union membership and bargaining clout of recent decades. Workers with union representation average a sizable union advantage in wages and benefits over nonunion jobs, so deunionization is an obvious explanatory factor in wage stagnation. The New York Metropolitan Area can be viewed as a special test case, for it is the most highly unionized metro region in the country. In New York City and Long Island, nearly one in four workers is a union member – over twice the national rate. How has the pay of workers with union representation fared compared to nonunion employees in recent years? Workers with union representation today average 30 percent higher hourly pay than nonunion Long Islanders. Of course, possible variations between these work forces in age, education, experience, job responsibilities and other factors may affect pay differentials. Studies like those referenced above have controlled for many such variables in research on larger data sets and generally found a still-considerable union pay advantage, positively related to relative bargaining strength.

However, New York’s union density is far higher in the public sector (75 percent) than in the private sector (13 percent), where organized labor’s bargaining strength is likely to be weaker. In a 2017 study, we found that, over the past decade, the local median union pay rate has been cut by over $2 while the nonunion wage has risen slightly. The union wage premium in the private sector is now just 11 percent and has been cut by over half from its pre-recession level (26.3 percent). As we have seen above (Figures 3 and 4), post-recession job growth has been low or negative in the public sector, thereby denying its heavily unionized workforce the possible pay bargaining benefits of a tight labor market.

Yet even in the hottest part of the private sector, New York’s long-powerful buildings trades unions are struggling to win pay improvements. In the midst of this historic building boom, with all sorts of skilled workers in high demand, New York developers have increasingly challenged wage and benefits standards. During the building slump of the Great Recession, developers demanded concessions from carpenters, electricians and other building trades unions. The unions responded with project labor agreements (PLAs) that contained no-strike pledges and harmonized compensation and work rules across the many different crafts on building projects. But since then, more big developers have pushed for concessions as competition from growing nonunion firms has increased. According to one report, the union share of the city’s current building projects has fallen to two-thirds in Manhattan and two-fifths in the other four boroughs.12
workers must now be provided at least 40 hours of safety training. The new safety law’s chief opposition came from the Real Estate Board of New York. And in 2018, a coalition of building trade unions has been backing new legislation in Albany that would expand prevailing wage standards to even largely private projects that receive tax breaks or other government subsidies. Strong construction unions and the state’s prevailing wage laws have long ensured that workers on state-financed projects must receive compensation comparable to that of largely unionized private sector unions. For example, the current prevailing wage in New York City for a journeyman carpenter is $53.63/hour, plus $50.62/hr. supplemental benefits; for a journeyman glazier the prevailing wage is $54.75 plus $32.39/hr. supplemental benefits. Rates can vary markedly by specific occupation and are far lower for apprentices. The new legislation’s chance of passage into law was enhanced in the November midterm elections when Democrats won majorities in both chambers of the statehouse.

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

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NOTES:

2. The BLS only began publishing the findings from its Job Openings and Labor Turnover Survey (JOLTS) in 2002. See Clark, Kelly, “The JOLT Survey,” Monthly Labor Review (11/2004). As Ivanka Trump only turned age 21 that same year, she may have been unaware of the new survey.
13. Ibid.

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Will Public Sector Unions Survive the Supreme Court’s Janus Decision?

by Karen P. Fernbach

On Friday, June 29, 2018, the very last day of the US Supreme Court’s term, the Court issued Janus v. AFSCME, Council 31, perhaps its most controversial decision of the year. Labor and management lawyers, union representatives, legal scholars, pundits and millions of concerned employees and employers all anxiously awaited the outcome. The drama was heightened by the fact that this was also the very last decision signed by Justice Anthony Kennedy, on the bench for over three decades and known sometimes as a swing vote. In the end, Justice Kennedy joined the majority opinion, then announced his retirement within hours.

The decision by the Court was not particularly surprising based upon the recent composition of the Court and the questions that arose during the oral arguments presented to the Court on February 26th. The Janus decision was authored by Justice Samuel Alito and supported by four other justices: Roberts, Thomas, Kennedy, and Gorsuch, the newest addition to the Court. The justices voted 5-4 to overrule the Supreme Court’s decision in Abood v. Detroit Board of Education, which had stood for 30 years. The case involved the First Amendment issue raised by the Petitioner, Mark Janus, was the same issue that had been presented to the Court in Abood, yet this time the majority overruled Abood. Justice Alito, writing for the majority, stated that the Court’s earlier analysis of the First Amendment was erroneously decided. Further, he argued that the majority decision was supported by a long line of Supreme Court cases. Specifically, the issue in Abood was whether it was a violation of the First Amendment to permit an agency shop provision in the Detroit Board of Education’s negotiated collective bargaining agreement that required all teachers, as a condition of employment, including non-members, to pay an agency fee (also known as a service fee) that was equivalent to the dues amount. The First Amendment issue raised by the Petitioner, Mark Janus, was the same issue that had been presented to the Court in Abood in 1973. The Janus decision was authored by Justice Samuel Alito and supported by four other justices: Roberts, Thomas, Kennedy, and Gorsuch, the newest addition to the Court.

The 1973 Abood decision was written by Justice Stewart and joined by five other Supreme Court Justices, with three Justices issuing concurring opinions. It struck the right balance in considering the arguments raised by both parties. First, the Court held that requiring the payment of agency fees to the union was valid so long as the teachers were only required to pay that portion of the service fee that was used for collective bargaining purposes. Second, in considering the First Amendment argument, the Court agreed with the Petitioner to the extent that it held that the compulsory portion of the fee that went towards political or ideological activities, such as lobbying, funding, and campaigning on behalf of political candidates was a violation of non-members’ First Amendment rights. The rationale for this part of its decision was that the dues spent on political activities were unrelated to the union’s core function of collective bargaining and therefore, public sector employees could not be compelled to support a union’s political activities that they disagreed with.

This was a decision that remained the law for over four decades. Since Abood, more than 20 states passed legislation that charged non-members only their fair share, i.e. that portion of their dues that went towards collective bargaining, contract administration, and grievance adjustment activities. During this 41-year period, public sector unions were strengthened. They were able to secure favorable benefits for the employees they represented. Union membership increased across the country, and unions had the financial ability to support political candidates who supported the advancement of employee rights and increased social benefits.

Today, the fraction of American workers with union protections has plummeted from about one-third in the mid-1950s to one-tenth today. The only area where there has been an increase in union strength is in the public sector. The national union density rate of workers who are union members ($829 versus $1,041). The reason for this is in large part due to the policies of the Right to Work Committee (RTW), which has been an upsurge of states that have passed right-to-work laws. This has caused a steady decline in the number of union members in the country, particularly in the private sector. Now, based on the Janus decision, there is concern that public sector unions will face a similar membership drop.

The term “free rider” was coined to describe such employees. And to date, through the efforts of the Right to Work Committee, there have been an upsurge of states that have passed right-to-work laws. This has caused a steady decline in the number of union members in the country, particularly in the private sector. Now, based on the Janus decision, there is concern that public sector unions will face a similar membership drop.

One of the additional objectives of the Right to Work Committee was to reverse Abood law page. The right to public sector unions in non-right-to-work states to negotiate compulsory union fee arrangements for both members and non-members they represented. There were several earlier attempts to attack the reasoning of Abood. One of the key actions attacking the legality of union fee arrangements in the public sector was a decision issued in 2014, Harris v. Quinn. There, Justice Samuel Alito, writing for the majority, held that the argument based on “question of whether the unions had the financial ability to support political candidates who supported the advancement of employee rights and increased social benefits.”

Today, based on the successful efforts by conservative politicians along with the support of conservative organizations, most notably the Right To Work Committee, 28 of the 50 States have passed right-to-work laws. These laws make it illegal to compel anyone as a condition of employment, to join or not to join, or to pay dues to a labor union.

Union leaders quip that the slogan “Right to Work” is very misleading. They sarcastically call it “The Right to Work for Less Pay.” Legal scholar, Moshe Z. Marvit, a fellow at the Century Foundation and labor and civil rights attorney, recently wrote an article for The Nation entitled “For 60 years, The Powerful Conservative Group Has Worked to Crush Labor.” Marvit traced the history of the Right to Work Committee and concluded that its goal was always to crush the American labor movement. According to Marvit, their strategy was to break the unions from within by lobbying Congress to pass The Taft-Hartley Act of 1947. Taft- Hartley amended the Wagner Act (the 1935 National Labor Relations Act) by (among other changes) adding Section 14(b). Under Section 14(b), states were now permitted to pass “right to work laws” that would prohibit the “execution or application of agreements requiring membership in a labor organization as a condition of employment in any State or Territory in which such execution or application is prohibited by State or Territorial law.”

In 2017, 7.2 million employees in the public sector belonged to a union. That was pared with 7.6 million workers in the private sector. Within the public sector, the union membership rate is highest in local government (40.1%) which employs many workers in heavily unionized occupations such as teachers, police officers, and fire fighters. And the State with the highest union membership rate in the public sector in 2017 is New York, with 73.1% of state and local government employees represented by a labor organization. 5

**Attacks on Union Power**

The conservative political movement became more dominant nationwide during these past ten years. One of its goals, is to reduce labor unions’ power, both politically and financially. The intent of the conservative movement is to thwart the progressive agenda supported by most labor unions and to weaken their influence in lobbying and in support of liberal candidates in federal, state, and local elections. Thus, revamping Abood was a key strategy supported by conservative politicians, their electorate and organizations, such as the Right to Work Committee.

What exactly is the mission of the Right to Work Committee and Right to Work Legal Defense Foundation? On their own website, the organization’s “Frequently Asked Questions” page states: “The Right to Work principle affirms the right of every American to work for a living without being compelled to belong to a union.”

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The case that came next was considered ideal for reconsidering the legal underpinnings of the Abood decision: Freedrichs v. California Teachers Assn. The Petitioner, Rebecca Frederichs, was a teacher in California who brought this lawsuit. The lawsuit attacked the mandatory union agency requirement for teachers employed in California. The Ninth Circuit dismissed the case based on the Supreme Court’s holding in Abood which it would bound to follow. The Supreme Court agreed with the decision. The National Right to Work Legal Defense Foundation submitted an amicus brief supporting Petitioner’s legal argument. Frederichs was widely viewed by many to be the vehicle that would undo the mandatory agency fee requirement for non-members employed in the public sector. It was also anticipated that Justice Scalia was going to support Justice Alito’s interpretation of Abood, thereby ensuring a 5-4 decision overturning it under First Amendment grounds.

But the unions were given a reprieve. For after the oral argument and before the decision issued, Justice Scalia passed away unexpectedly, leaving an 8-member court that resulted in a 4-4 decision. The deadlock meant that Abood remained the law of the land. But for not long.

In 2017, the same issue was presented to the Supreme Court in Janus v. AFSCME, Council 31. In Janus, the petitioner Mark Janus, an Illinois government employee, brought a lawsuit in Federal District Court in Illinois claiming that the agency clauses in his collective bargaining agreement requiring all employees to pay dues or the equivalent agency fees for non-members violated his and other non-members’ First Amendment rights. He was represented by counsel at the National Right to Work Legal Defense Foundation. Janus argued that his First Amendment rights were violated because he was forced to subsidize a union whose positions on collective bargaining and other political or ideological issues he strongly objected to. This was likened to be a form of compelled speech.
Justice Kagan went on to state that:

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Justice Kagan’s strongly worded opinion stated that the Abood decision balanced the union members and non-members interests by only requiring payment of fees that went towards collective bargaining and not for political or ideological activities. Further, she pointed out that the Abood decision prevented the rise of “free riders” who refuse to pay for any fees, even those related to their own representation notwithstanding that the Union has a legal duty to represent all union members including non-members.

Significantly, the majority went one step further and concluded that even that portion of union fees used strictly for collective bargaining negotiations was inherently political in nature. The theory was that the Union’s collective bargaining negotiations with the State such as, for example, seeking proposals for increases in wages and benefits or a reduction in teacher student ratio, required the state to make policy decisions on how it chose to allocate its revenues. A fortiori, these decisions were, in essence, political decisions.
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As stated earlier, 2017 BLS figures prior to the Janus decision indicate that approximately 34.4% of public-sector employees were represented by unions, compared to 6.5% in the private sector.27 Further, in New York State, the numbers are much higher with approximately 73.1% of public sector employees represented by a union.22 The majority opinion was viewed by puntids and legal scholars as a threat to the continuation of public sector collective bargaining. It was suggested by some that since non-members would no longer be required to pay any dues or fees, this would likely result in a precipitous decline in union membership. Current union members would consider withdrawing their membership so that they too could become “free riders.”23 If this happened, the financial crisis of the public sector unions’ ability to continue representing employees within the public sector. And, without the collection of union dues, this in turn would reduce unions’ ability to fund political causes beneficial to their members and employees in general.24 This anti-union trend was already well under way in our country. Within the past few years, Republican- controlled State legislatures have actively pursued Right-to-Work laws in states that have traditionally been historically supportive of labor. They included Wisconsin, Michigan, Indiana, Kentucky and West Virginia.25 Mission accomplished: this has resulted in a decline in membership in some, if not all, of those states.

Immediate Aftermath of Janus

Some think Janus could backfire on the conservative movement behind it. Noam Scheiber, labor reporter at The New York Times,26 has stated that unions representing public sector employees in the country have been waiting for the Janus decision to issue. They have been preparing a pro-active strategy to maintain union membership. So, when the Janus decision finally issued on June 27th, it was no great surprise given the conservative SCOTUS majority. Unions were ready to fight for their survival. In fact, according to Scheiber, some unions in states that have traditionally been historically supportive of labor. They included Wisconsin, Michigan, Indiana, Kentucky and West Virginia.25 Mission accomplished: this has resulted in a decline in membership in some, if not all, of those states.

Union Mobilizing Against Janus

As of this writing, it has been over three months now since the Janus decision issued. In New York State, there is now cautious optimism by public sector labor unions. The Janus decision represents a milestone that has unfortunately been hailed as a victory by the free market movement. Indeed, the state of union membership in the public sector has certainly not changed for the better. The decision issued. In New York State, there is now cautious optimism by public sector labor unions. The decision represents a milestone that has unfortunately been hailed as a victory by the free market movement. Indeed, the state of union membership in the public sector has certainly not changed for the better.

Scheiber also points to the recent trends by teachers who have mobilized for better benefits across the “red states” (Republican controlled) such as West Virginia and Oklahoma. These are both right-to-work states, but this year the teachers engaged in walkouts to protest the low wages they receive and the refusal by state legislators to grant them any increases. Scheiber explained that the teachers in West Virginia and Oklahoma have been severely

underpaid for many years because the State legislatures do not want to fund public education by raising taxes for its constituents. The teachers’ collective action in West Virginia was very successful and pressured the legislature to grant a 5% wage increase, not only for teachers but for all state workers.

Similar teacher walkouts have occurred in other right-to-work states this year in Arizona, North Carolina, Colorado and Kentucky.27 And it was reported that in West Virginia, the American Federation of Teachers (AFT) has added 1,250 members after the walkout. Also, in Florida, another right to work state, the AFT has 7,300 more members than it did a year ago. According to Jim Tasterman, the senior director at the National Education Association, (NEA), which is the country’s largest public-sector union, membership is up 11% across all states, and 2.2% in walkout states.23 This uprising by teachers in right-to-work states may be a teachable moment and something public sector unions can draw upon in order to convince their membership to maintain union solidarity. Public sector employees in non-right-to-work States already know the power of collective action, having reaped the benefits of collective bargaining over the past 40 years. But Scheiber posits that in heavily organized states such as New York, California, Pennsylvania, and Illinois, where public sector unions are still powerful, labor leaders need to communicate better with their members about the virtues of remaining a union member. They need to make sure their members are aware that the benefits they receive are the result of collective bargaining. Finally, Scheiber posites that the conservative movement did not foresee any of these recent concerted employer protests by teachers in right-to-work states. Thus, he suggests that it is possible that the teacher walkouts this summer will be a rallying cry for public sector employees to remain steadfast supporters of their unions.

NY Politicians’ Support of Public Sector Unions

In April 2017, in anticipation of the Janus outcome, Governor Cuomo signed a bold piece of legislation.28 It amended New York Civil Service Law, section 208, also known as the Taylor Law. Prior to the amendment, the Taylor Law required public sector unions to represent all employees (both members and non-members) it represents for collective bargaining, contract administration purposes, and disciplinary grievance processing. BUT, notably, in anticipation of the Janus outcome, it now added a provision that labor unions were no longer required to represent non-members for
their own individual grievance disciplinary investigations and grievances—arbitration procedures. Rather, the non-members were given the right to secure their own advocate to represent them; and the Union was not obligated to pay the cost for their outside representation. The hope is that this will cure the “free rider” concern wherein employees forego paying dues yet still expect the union to represent them in grievance disciplinary proceedings.

The statute also requires the public employer to provide notice of new hires to the Union and their contact information within 30 days of hire. It also grants union representatives access to hold a union orientation meeting with these employees within the same 30-day period. Further, electronic union membership cards authorizing payroll deductions for dues will now be accepted by public employers within New York State.

It is possible that this legislation will be contested in court since it was signed into law before Janus issued. But if it does, the statute also contains a savings clause. Under the saving clause, if any portion of the statute is declared unconstitutional or otherwise found illegal by the court, the remainder of the law will continue to apply. However, notwithstanding such an appeal, the amendment by New York State should be upheld as lawful since it complies with the holding in Janus. Specifically, the amendment does not compel employees to join the union and it does not require non-members to pay agency fees.

Further, support for its legality can be found in the Janus decision itself. For, in addressing the issue of the financial costs of representing free riders, Justice Alito’s opinion sought to minimize this effect by stating:

In any event, whatever unwanted burden is imposed by the representation of nonmembers in disciplinary matters can be eliminated through means significantly less restrictive of associational freedoms than the imposition of agency fees. Individual nonmembers could be required to pay for that service or could be denied union representation altogether.

Thus, the dire predictions of a massive loss of union membership post Janus have not materialized, at least in New York State. In fact, as Nora Higgins states, “Janus resulted in unintended consequences which have strengthened rather than weakened union support.”

Since Janus, popular support for unions has not withered. This was dramatically demonstrated in Missouri where voters by a referendum held on August 7, 2018 voted overwhelmingly to reject the right to work laws outlawing compelled union agency shop agreements. But the voters in Missouri struck back! On August 7, 2018, the Missouri voters by a public referendum defeated the right to work measure that had been passed in 2017. Jeff Stein, “Missouri voters defeat GOP-backed “right to work law, in victory for unions, Associated Press projects,” Washington Post (8/07/18). The Daily podcast “Justice Kennedy’s Last Decision” by Michael Barbaro (6/29/2018): www.NYTimes.com. 20

NOTES:
4 Id.
6 https://www.nrtw.org/right-to-work-frequently-asked-questions/
7 Id.
8 But see, Eli Watkins, CNN, Unions notch win in deep-red Missouri with rejection of right-to-work law, 8/08/2018, https://www.cnn.com/2018/08/07/politics/misouri-right-to-work-voter/index.htm. (Right to work law passed by State legislature in 2017 overturned by state referendum that gave voters the chance to strike down the law if supported by a petition of 100,000 voters.)
9 Marv L. Moshe, “For 60 years, This Powerful Conservative Group Has Worked to Crush Labor,” The Nation (7/05/2018).
10 29 US Code, Section 164(b).
11 Supra fn. 9.
12 Supra fn. 5.
16 Supra fn. 1.
17 Janus at 2497. State decisis is the principle of basing court decisions on precedent.
18 Janus at 2500.
19 Supra fn. 1.
20 Many articles were published on internet human resources sites, including for example “Decline in Union Membership Expected after High Court Ruling,” https://www.shrm.org/resourcesand tools/legal-and-compliance/employment-law/pages/future-of-unions-after-scotus-janus-ruling.aspx

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22 Supra fn.14.
23 Id.
24 Interview with Nora Higgins by author on September 6, 2018.
25 Interview with Nicholas J. LaMorte by author on September 7, 2018.
26 N.Y. Civil Service Law, Section 208 (Civ. Serv. Law), amended April 12, 2018. 27 Janus at 2468.
28 Supra at fn. 9.
Refugees as Employees: Good Retention, Strong Recruitment

by David Dyssegard Kallick and Cyriera Roldan

In the first two years of the Trump Administration, the number of refugees admitted to the United States has decreased to roughly a quarter of what it was in the last year of the Obama Administration. From a relative high of 97,000 in 2016 the number dropped to 33,000 in 2017, and it is on track after the first 10 months of the year to reach just 23,000 in 2018.

There is sometimes an economic rationale given for this turn away from America’s historic humanitarian commitment to refugee resettlement, but in fact the data show that refugee resettlement is going quite well, both for refugees and for local communities. Recent research demonstrates how, over time, refugees become well integrated into society and how they fare in the economy: learning English, increasing their wages, owning homes, and starting businesses. And, refugees and other immigrants are part of a positive story of neighborhood economic revitalization, especially in cities that have seen population decline.

Less attention has been focused on the employer side of the resettlement story. What is the experience of businesses that hire refugees? In a new study, co-published by the Fiscal Policy Institute and the Tent Partnership for Refugees, we find that here, too, the economic experience is overwhelmingly positive. Employers that hire refugees see positive outcomes for their businesses, according to findings from interviews with employers. These interviews from four regions of the country find that when employers hire refugees they see lower turnover rates among refugees and widen their pool of potential employees. In addition, many see overall improvements in the company, with their managers becoming more versatile as they adjust to working with a more diverse workforce.

If the Trump Administration is cutting back on refugee resettlement, it would seem to have little to do with economic issues around resettlement and is more of a piece of the administration’s overall agenda of restricting immigration. The Trump Administration has undertaken a series of dramatic actions, many of them continuing subject of legal battles, such as attempting to pull the rug out from under Dreamers by rescinding Deferred Action for Childhood Arrivals; ending Temporary Protective Status for individuals deeply embedded into American society from countries including Haiti, El Salvador and Honduras; imposing a travel ban on eight mostly Muslim-majority countries, used the separation of young children from their parents as a tactic in discouraging immigration, and recently gone after employers of refugees in four geographic areas of the United States. All are major sites of refugee resettlement, yet they represent a wide range of economic situations, immigration experiences, and political contexts: Atlanta, Georgia and the surrounding counties; Phoenix, Arizona; upstate New York; and Eastern and Central Nebraska. To frame this research, we also conducted interviews with refugees, firms, and employers in those areas.

Figure 1

<table>
<thead>
<tr>
<th>Metro Area</th>
<th>Number of Refugees Placed</th>
<th>Share of State Total</th>
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<tbody>
<tr>
<td>Upstate New York</td>
<td>36,584</td>
<td>92%</td>
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<tr>
<td>Erie</td>
<td>12,744</td>
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<tr>
<td>Onondaga</td>
<td>9,536</td>
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<tr>
<td>Monroe</td>
<td>6,332</td>
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<tr>
<td>Oneida</td>
<td>4,163</td>
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<tr>
<td>Albany</td>
<td>3,048</td>
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<tr>
<td>Rensselaer</td>
<td>249</td>
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<tr>
<td>Broome</td>
<td>173</td>
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<tr>
<td>Tompkins</td>
<td>77</td>
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<td>Westchester</td>
<td>44</td>
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<tr>
<td>Schenectady</td>
<td>38</td>
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<tr>
<td>All Other Upstate</td>
<td>180</td>
<td>1%</td>
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<tr>
<td>Long Island</td>
<td>232</td>
<td>8%</td>
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<tr>
<td>Nassau</td>
<td>141</td>
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<tr>
<td>Suffolk</td>
<td>91</td>
<td>8%</td>
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<tr>
<td>New York City</td>
<td>3,070</td>
<td>100%</td>
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Figure 2

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<tbody>
<tr>
<td>San Diego, CA</td>
<td>27,075</td>
<td>0.8%</td>
<td>3%</td>
<td>3,317,749</td>
<td>797,991</td>
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<td>Dallas-Fort Worth, TX</td>
<td>26,950</td>
<td>0.4%</td>
<td>2%</td>
<td>7,232,599</td>
<td>1,319,883</td>
<td>18%</td>
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<tr>
<td>Atlanta, GA</td>
<td>26,322</td>
<td>0.5%</td>
<td>3%</td>
<td>5,790,210</td>
<td>793,489</td>
<td>14%</td>
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<td>Phoenix, AZ</td>
<td>22,811</td>
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<td>3%</td>
<td>4,661,537</td>
<td>675,911</td>
<td>14%</td>
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<td>Los Angeles, CA</td>
<td>22,217</td>
<td>0.2%</td>
<td>0%</td>
<td>13,310,447</td>
<td>4,475,769</td>
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<td>Houston, TX</td>
<td>19,958</td>
<td>0.3%</td>
<td>1%</td>
<td>6,772,470</td>
<td>1,588,661</td>
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<td>Chicago, IL</td>
<td>18,538</td>
<td>0.2%</td>
<td>1%</td>
<td>9,512,964</td>
<td>1,675,434</td>
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<td>Detroit, MI</td>
<td>18,163</td>
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<td>4%</td>
<td>4,297,617</td>
<td>417,502</td>
<td>10%</td>
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<td>Seattle, WA</td>
<td>16,882</td>
<td>0.4%</td>
<td>2%</td>
<td>3,798,902</td>
<td>690,230</td>
<td>18%</td>
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<td>Minneapolis-St. Paul, MN</td>
<td>16,255</td>
<td>0.5%</td>
<td>4%</td>
<td>3,551,036</td>
<td>376,062</td>
<td>11%</td>
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<tr>
<td>Denver, CO</td>
<td>13,583</td>
<td>0.5%</td>
<td>4%</td>
<td>2,853,077</td>
<td>346,679</td>
<td>12%</td>
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<td>Miami, FL</td>
<td>13,420</td>
<td>0.2%</td>
<td>1%</td>
<td>6,066,387</td>
<td>2,458,591</td>
<td>41%</td>
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<td>Buffalo, NY</td>
<td>12,509</td>
<td>1.1%</td>
<td>18%</td>
<td>1,132,804</td>
<td>69,846</td>
<td>6%</td>
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<tr>
<td>Indianapolis, IN</td>
<td>11,549</td>
<td>0.6%</td>
<td>8%</td>
<td>2,001,737</td>
<td>142,774</td>
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<td>Portland, OR</td>
<td>10,281</td>
<td>0.4%</td>
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<td>2,425,325</td>
<td>303,865</td>
<td>13%</td>
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<tr>
<td>Salt Lake City, UT</td>
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<td>1%</td>
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<td>23%</td>
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<tr>
<td>Sacramento, CA</td>
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<td>7%</td>
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<tr>
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<td>11%</td>
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<td>Philadelphia, PA</td>
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<td>Omaha, NE</td>
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<td>10%</td>
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<td>67,937</td>
<td>7%</td>
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Figure 4. Source: FPI analysis of WRAPS data 2007 to 2016 and 2016 American Community Survey 1-year data. The number of refugees resettled over the past 10 years is less than two percent of the local population in all metro areas of the United States. Top 30 metro areas are presented here; see fiscalpolicy.org/refugee for the full list of 136 metro areas with refugee placements in that period. Place names in bold indicate metro areas included in field research.
<table>
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<th>Country</th>
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<th>City</th>
<th>10-Year Total</th>
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<tr>
<td>United States of America</td>
<td>Nebraska</td>
<td>Lincoln</td>
<td>2,490</td>
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</table>

Figure 3
refugee resettlement agency staff, other service providers, researchers, and other members of the community to give context to our findings, conducting over 100 interviews in total. The research was further contextualized and guided by FPI’s analysis of data from the American Community Survey (ACS) and the Worldwide Refugee Processing System (WRAPS).

For the most part, employers we interviewed stressed the similarities, not the differences, between refugee employees and their other employees. Most importantly, they come to work and get the job done. Refugee employees, for their part, emphasized the importance of wages and working conditions, just as might be expected for other employees.

However, there were also important differences between refugee employees and employees overall. In particular, this study identified two clear differences that reflect ways employers benefit when they broaden their hiring pool to include refugees.

**New York Perspective**

In New York, the upstate region has a long and strong tradition of refugee resettlement that has helped reverse population decline, revitalize communities and spur economic growth in cities that have seen some of the challenges common to rustbelt cities. Among the cities that have seen this positive dynamic are Utica, Buffalo, Syracuse, Albany, and Binghamton. While New York City and Long Island have far more immigrants in general, nearly all of the refugee placement is in upstate New York, where housing is less expensive and there are institutions well prepared to help them get started. Indeed, over 90 percent of all refugees placed in New York over the past 10 years were placed in upstate New York (See figure 1).

Over the last decade, 12,500 refugees have been resettled in the Buffalo metro area, 9,500 in Syracuse, 6,300 in Rochester, 4,500 in Utica and 3,200 in Albany. Buffalo and Syracuse rank 13th and 20th in the country for total number of refugees resettled over the last decade. Among the top 30 metro areas they have the highest share of refugee placements as a share of the total population. A different way of gauging the role of refugees is to look at where immigrants are a particularly big part of the immigrant population—that is to say, where there is substantial refugee placement but comparatively little overall immigration. On this measure, Buffalo and Syracuse metro areas stand out by a wide margin, and other upstate metro areas, particularly Utica, would stand out even more if they were on the chart of the top 30 metro areas (See figure 2).

Upstate New York metro areas have seen very slow growth for decades, in addition to steep declines in the central city populations. These trends are just beginning to turn around—or at least stabilize—in part because of the role of immigrants and refugees in rebuilding the population. Refugees in upstate New York have bought vacant homes, started businesses, helped the economy grow through paying taxes, and revitalizing declining neighborhoods. During a time of deindustrialization and population decline, refugees have helped fill jobs in industries desperate for workers.

Like other refugee employers, those in upstate New York reported observable benefits in both retention and recruitment associated with hiring refugees. They expressed that in some cases, the refugees stayed on the job longer had to do with being surrounded by others who spoke their language and shared their background. In others, it was because employers found ways of integrating refugees into their workforce, making overall adjustments in policies that some saw as overall improvements to the environment for everyone. In many cases, there was a period of mutual adjustment as the refugees adapted to workplace expectations and the workplace adapted to this new employee population.

**National Findings**

Upstate New York was one of four very distinct geographic regions of the United States where employers were interviewed for this report. In all four areas, employers expressed two common benefits from refugee employment: 1) lower turnover rates for refugee employees than other hires and 2) positive refugee-employee relationships creates recruitment benefits.

1) REFUGEES TEND TO STAY WITH THE SAME EMPLOYER FOR LONGER THAN OTHER HIREs.

Nineteen of the 26 employers surveyed—73 percent—reported a higher retention rate for refugees than for other employees. This was consistent across industry sector and across geography (see figure 4).

Among employers who gave the Fiscal Policy Institute confidential access to internal data, refugees had a turnover rate that was seven to 15 percentage points lower than the overall workforce (see Figure 5). Among the four manufacturing firms for which we have data, the average turnover rate was four percent for refugees, compared to 11 percent for employees overall—a difference of seven percentage points.

In the hotel industry, which has much higher overall turnover, the rate in the job categories typically filled by refugees was 29 percent for refugees and 36 percent overall—also a difference of seven percentage points.

In meatpacking, a tough occupation where retention is at least as challenging as in hotels, the differential in the firm for which we have internal data was 15 percentage points—annual turnover was 25 percent for refugees and 40 percent overall (See figure 6).

The firms for which we have statistical data all pay a starting salary to all workers that is at least a little above the minimum wage (at the time of interviews $7.25 in Georgia, $9.00 in Nebraska, $10.00 in Arizona, and $10.40 in upstate New York.) Among the firms interviewed that paid lower wages, the trend was more mixed, though in general the turnover rate was still reportedly to be lower for refugees.

What seemed important to achieving lower refugee turnover was that the employer made at least some effort to integrate refugees into the workplace. These were not generally big investments, but they did include an attempt to address the challenges of making a place for workers from a different kind of background than their previously typical employees. Figuring out how to get new hires started when they speak very little English was the most common challenge. Making the workplace culture and practices flexible enough to accommodate people from different ethnic and religious backgrounds was another, as was resolving transportation issues in a significant number of cases, bereavement policies also came up. The firms where refugee turnover was about the same as or even higher than for all workers were generally the ones with turnover rates that were higher for all workers than the industry average, where service providers talked about firms using refugees as “cannon fodder” in a cycle of high burnout and replacement of workers.

Lower turnover is valuable for any business. A 2012 study by Heather Boushey and Sarah Jane Glynn found that replacing a worker typically costs businesses about one fifth of the worker’s annual salary. For a full-time worker earning $13 an hour, which is typical in our surveys, that translates into $5,200 per year saved for every worker who does not have to be replaced. That’s a cost savings to the employer that leaves room for investment in translation services, help with transportation, or other ways of easing refugee employees’ integration into the workplace.

Lower refugee turnover seemed to reflect a positive experience for the refugees as well. There is a larger question about options for good jobs in today’s labor market, but within that context, low refugee turnover almost always seemed to be a sign of a comparatively positive work experience for refugees, not simply a measure of an inability to change jobs.

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**Figure 1. Source: FPI survey of refugee employers interviewed in person**

**Figure 5. Source: Employer data made confidentially available to FPI. Typical wage range indicated in parentheses next to firm name; number, X axis.**

**Figure 2. Source: Employer data made confidentially available to FPI. Manufacturing average, a hotel, and a meat packing firm**

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[Survey: Lower Turnover Rates in 19 of 26 Firms](#)

<table>
<thead>
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<th>Survey Results</th>
<th>Number</th>
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<td>Lower Turnover</td>
<td>19</td>
<td>73%</td>
</tr>
<tr>
<td>Higher Turnover</td>
<td>3</td>
<td>12%</td>
</tr>
<tr>
<td>About the Same</td>
<td>4</td>
<td>15%</td>
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</table>
Several factors appear to be driving the comparatively high retention rate among refugee employers. All workers value employers who make them feel welcome and respected, but refugees are especially responsive to a welcoming environment. Once they find it, they tend to stay with that employer, possibly because they may be unsure of finding a similarly welcoming climate elsewhere. Refugees also tend to gravitate towards jobs that allow them to get by with limited English proficiency initially and learn the language on the job, and they also tend to stay longer in the jobs that provide this flexibility. Finally, refugees often prefer to work alongside other refugees – especially those who share their background – so employing multiple refugees to maintain ties to the culture they grew up in while also helping navigate and integrate into the new culture they encounter in the United States.

What is true for retention is also true for recruitment: when refugees find a workplace they feel welcome in, they tend to tell others in their community. And therefore, employers who have created a climate in which refugees feel welcome should not be surprised to see more job applications from other refugees – and maybe also from other non-refugees who feel welcomed as well.

Although the employers interviewed for this report do not necessarily comprise a fully representative sample of all employers, their interviews do reflect a wide range of employer experiences.

1) THE FIRST TIME AN EMPLOYER HIRES ONE OR SEVERAL REFUGEES, THERE IS A CHANCE THEY WILL DO SOMETHING DIFFERENT THE NEXT TIME.

The first time an employer hires one or several refugees, there is almost always a period of mutual accommodation. Some issues are likely to come up that have never arisen before and may take employers by surprise, although they are often easily manageable. Taking shoes off in the break room, or assuming that a cousin can do the same job, for example, are issues that have come up for the first time when refugees joined the labor force. Language barriers are a consistent challenge for new employers of refugees, and are in some ways a bigger challenge with refugees for so long. In at least one case, learning how to integrate refugees into the workplace helped a company move toward recruiting and integrating a very different population that has proven challenging: formerly incarcerated workers.

Once employers make a commitment to hiring one refugee group, they generally become more adept at integrating new groups of refugees as well as new groups of other employees from different kinds of backgrounds. Several employers we interviewed downplayed the challenges of integrating refugees into their workforce, and when we noted things that they had seemingly done to ease integration, they responded by saying, as one employer put it, “that may just seem easy to us because we have been working with refugees for so long.” In at least one case, learning how to integrate refugees into the workforce helped a company move toward recruiting and integrating a very different population that has proven challenging: formerly incarcerated workers.

Employers and refugees do it because it works for their businesses. The main reason they hire refugees is straightforward: they are looking for workers, and refugees are often one among many new groups of workers seeking jobs, in fact in many instances they play an important role in helping local economies grow. Studies have consistently shown that immigrants in general help expand a local economy, and do not displace workers from job opportunities.

Those who share their background – so employing multiple refugees to maintain ties to the culture they grew up in while also helping navigate and integrate into the new culture they encounter in the United States.

Figure 6: Trend in Number of Refugees Resettled in the United States

Fiscal Policy Institute analysis of WRAPS data through October 31, 2018.

Employers who hire refugees do it because it works for their businesses. The main reason they hire refugees is straightforward: they are looking for workers, and refugees are often one among many new groups of workers seeking jobs, in fact in many instances they play an important role in helping local economies grow. Studies have consistently shown that immigrants in general help expand a local economy, and do not displace workers from job opportunities.
Refugees in the United States

Refugees do not choose to leave their homeland or come to the United States — they come here only after being interviewed and categorized as refugees by the United Nations and then go through an extensive process of vetting by different agencies of the American government.

When refugees arrive in the United States, they generally come in small groups of a few to a dozen. They are typically picked up at the airport by someone from a local refugee resettlement agency and brought to a house or apartment where they will start their new life. There are nine refugee resettlement networks — Church World Service, Ethiopian Community Development Council, Episcopal Migration Ministries, Hebrew Immigrant Aid Society, International Rescue Committee, US Committee for Refugees and Immigrants, Lutheran Immigration and Refugee Services, United States Conference of Catholic Bishops, and World Relief Corporation. These resettlement agencies act as partners in the process, and with a combination of federal funding and charitable contributions, they help refugees get on their feet, especially during the first 90 days in the country, and to a limited extent for a longer period after that. Refugees have legal permission to work in the United States and are expected to have a job within 90 days of their arrival here.

Between 2008 and 2017, the United States has admitted a total of 670,000 refugees. The majority do not have family or sponsors in the United States, and do not choose where they go but are placed by the federal government in consultation with local authorities and the local resettlement agencies. In 2017 and 2018, as seen in the figure here, the numbers are down dramatically from a peak in 2016. Of the 43 million immigrants in the United States, about eight percent are either refugees, which is to say people who come through the refugee resettlement program, or asylees — people who apply for asylum after entering the United States. This report focuses on refugees, though many of the findings likely also apply to asylees.

Until recently, refugee resettlement was something the United States took on quietly and with a justified sense of pride. Even as immigration policy became a controversial issue, refugee resettlement was generally kept out of the fray. More recently, refugee resettlement has become a focus of uneasy attention.

Roldan is an Immigration Policy Analyst at FPI and Director of its Immigration Research Initiative. Cyierra David Dyssegaard Kallick is Deputy Director of the Fiscal Policy Institute and Director of its Immigration Research Initiative. Greg Hironaka is Associate Director of the Fiscal Policy Institute.

NOTES:
1 See sidebar at end of this article: “Refugees in the United States.”
2 For a useful summary of the most recent findings, see Bernstein, Hammetal, “Bringing Evidence to the Refugee Integration Debate,” Urban Institute, April 9, 2018.
4 For more information on the mentioned immigration topics, see the following reports by the Migration Policy Institute: “All Eyes Turn to Congress, Following Trump Decision to Terminate DACA Program,” “Trump Executive Order on Refugees and Travel Ban: A Brief Review,” “Family Separation and ‘Zero-Tolerance’ Policies Rolled Out to Stem Unwanted Migrants, But May Face Challenges,” “Chilling Effects: The Expected Public Charge Rule and Its Impact on Legal Immigrant Families’ Public Benefits Use,” and “Repealing Birthright Citizenship: The Unintended Consequences.” For information on the 2020 census and TPS see “What to Know About the Citizenship Question the Census Bureau is Planning to Ask in 2020” by the Pew Research Center and “Termination of TPS for Burundians and Haiti” by MPI.
6 For details on the vetting process, see www.state.gov/j/prm/ra/admissions/.
7 For a good overview of this literature, see Heidi Shierholz, “Immigration and Wages,” Economic Policy Institute, February 4, 2010.
8 See sidebar at end of this article: “Refugees in the United States.”
9 For a useful summary of the most recent findings, see Bernstein, Hammetal, “Bringing Evidence to the Refugee Integration Debate,” Urban Institute, April 9, 2018.
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Call for Papers

The Regional Labor Review, a refereed multidisciplinary journal now in its 21st year of publication, invites submissions of original articles on a range of subjects that we hope to explore in upcoming issues.

These include the following:

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- Death of the Affordable Care Act? How Will New Yorkers Be Affected?
- Minimum wage and living wage policy impacts
- Immigrant workers: their impacts on local industries and on unionization
- Racial, ethnic, and gender inequalities in earnings and occupational status
- Case studies of workplace privacy issues & sexual harassment
- Labor Law: Case studies of recent influential cases with broad implications
- Union organizing successes and failures: recent case studies of a specific industry or a large employer
- Labor History of New York City & its metropolitan region in the 19th and/or 20th centuries

We welcome articles on these issues in a national and international context, so long as their relevance to New York workers is made clear. Articles should be 2,000-7,000 words in length and written in a clear style, without academic jargon, and accessible to a broad audience. All text, tables, charts, and references should be consistent with earlier issues of RLR (see our Style Sheet, available online at: www.hofstra.edu/cld). Three print copies should be submitted along with a PC diskette copy (formatted in Word for Windows). Manuscripts can only be returned if a self-addressed, stamped envelope is enclosed. Copyright can revert to author upon publication.

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Regional Labor Review
200 Barnard Hall
104 Hofstra University
Hempstead, NY 11549
Or email to: laborstudies@hofstra.edu

For a sample of recent articles, email us for a free sample of our latest issue and visit our archive of past articles on the website: www.hofstra.edu/cld.
October 2018 marked the 19th month of a bitter strike against cable giant Spectrum NY (a subsidiary of Charter Communications) by 1,800 tech employees. Since contract talks between their union, IBEW Local 3, and Spectrum management broke down in late March 2017, most workers have exhausted their state unemployment benefits and been forced to supplement their $350 in union strike funds with often lower-pay temporary work. Despite the union’s controversial concessions offer in a federal mediation meeting with management, Spectrum refused to soften its demands to end the current defined-benefit pension fund and the union health care plan. In late July, the NY State Public Service Commission charged the company had failed to expand cable to underserved areas and ordered it to transfer its state cable business to another provider – raising union hopes of an end to the bargaining stalemate. As the midterm elections campaign season heated up this past summer, national polls found that immigration was the single most important issue in the country. Over the past year of fierce controversy, the DACA program has been derailed, refugee visas have shrunk, and immigrant arrests, family separations and deportations have soared. Hofstra’s Labor Studies Program organized two campus events to look at different aspects of these immigration controversies. On September 26th, 2018, we presented a forum on the legal, economic and workplace implications of these issues: “The Immigration and Deportation Crisis.” The features speakers were: Emily Emily Torstveit Ngara (Director, Deportation Defense Clinic at Hofstra’s Maurice Deane Law School); Saul Guerrero (Labor Organizer, United Food & Commercial Workers); and David Dyssegaard Kallick (Immigration Research Director, Fiscal Policy Institute), author of a new national study of refugees in the US economy (see an updated excerpt of this report above in this issue of RLR). The event was part of Hispanic Heritage Month and was co-sponsored by the Latin American and Caribbean Studies Program. One month later on October 24th, as part of the University’s “Day of Dialogue,” Labor Studies presented “The Ethics of Immigration: Is U.S. Policy Immoral?” featuring: Ana Levy-Lyons (author of new book No Other Gods & Senior Minister, 1st Unitarian Church, Brooklyn); Amy Baehr (Philosophy Prof., Hofstra); Paula Chirinos (DACA recipient & Student Fellow, Center for Civic Engagement); Kimberley Chin (Deputy Director, Children’s Defense Fund of NY); and Rosanna Perotti (Political Science Prof., Hofstra).
The Uberization of Work & Alternative Job Futures


Reviewed by Massoud Fazeli

Many observers, economists included, agree that our post-WWII economy was early characterized by the dominance of powerful firms and stable markets. This era has been referred to as a Fordist regime that was based on mass production/mass consumption and pursued stability over risk-taking. Dominant firms engaged in long-term pricing and contract agreements. Job stability was a defining feature of this market. Lifetime employment created a relatively high number of middle-income jobs and the overall income gap between the rich and the working class fell somewhat. We may of course immediately add that this was not exactly a golden age, particularly because the beneficiaries of this system were predominantly white male workers.

During the 1970s and ’80s, a post-Fordist regime began to dismantle the old economic structure. A new economy emerged which has proudly promoted flexibility. Some have in fact referred to this new institutional arrangement as flexible accumulation. Another feature of this new era has been the “end of loyalty”—some workers may be changing jobs and even careers voluntarily and many are being forcibly displaced by employers. Workers are free to go and companies are free to let them go. A rather sizable and growing segment of the labor force is now contingent. Many startup companies have been removed from the platform).

In her new book entitled Gigged, Sarah Kessler begins by a rather intriguing observation: people generally believe that jobs are boring. So what would be more desirable than working on the projects we like, during the hours we choose in a “frictionless economy”? What would indeed be more desirable than a shift from people looking for jobs to jobs looking for people? Such a gig economy would be more than the end of unemployment. It would be the end of drudgery. Kessler examines the validity of this premise in her engaging hook.

According to Kessler, most jobs recently added to the U.S. economy would fall into the “contingent” category. Many startup companies (which embody “the new economy”) rely on venture capital funding and can potentially grow fast. Uber is a case in point. But interestingly, these skill-intensive companies are neither characterized by high investments in fixed physical capital nor are generally labor-intensive. Instagram, for instance, had only 13 employees (including its founders) when it was bought by Facebook in 2012.

And Uber calls its drivers “independent contractors.” These contractors supposedly are not just free, but also entrepreneurs. Independent contractors, however, do not have a right to unionize and are not entitled to sick days and holiday pay. According to a report in the New York Times (9/25/2018), unionized workers on the average receive 40 percent of their compensation in the form of benefits, compared with only 29 percent for the non-unionized segments of the labor force. The Uber model works best for venture capitalists and to some extent for consumers but not for its drivers.

An increasing number of these workers are now considered self-employed. Moreover, with more firms concentrating on their “core competencies” and outsourcing many of their operations to other companies, another alternative to hiring employees is on the rise: “by 2009…around 45% of accountants, 50% of IT workers, and 70% of truck drivers were working for contractors rather than as employees at the companies for which they provided services”.

Proponents of the gig economy report than by 2025, the millennials will make up to 75 percent of the American workforce. These millennials reportedly rank the work-life balance as more essential than job security. Staffing agencies therefore tend to portray temporary employment as a choice most suitable for those who are looking to earn “extra” income. This is far from an accurate description of the majority of job seekers. For instance, Mechanical Turk (founded in 2005) offers simple and low paid tasks. But its workers are not generally less-skilled foreign workers, as it is often assumed. Most of its workers are American and a sizable number have a college degree. Interestingly, “housewives” no longer mainly work for extra money. In fact, women are the primary breadwinners of 40% of U.S. households. More importantly, Kessler refers to a study by Alexandra Mas and Amanda Pallais (2016) according to which workers overwhelmingly placed little actual value on flexible options.

The tech industry is fond of offering an image of a brave new world where change is framed as socially desirable. Workers are now treated as participants in the sharing economy and are sometimes even referred to as “volunteers.” But unfortunately, Uberization of work has not led to shorter hours and a more relaxed environment. The number of hours Americans worked rose throughout the 1990s and jobs have largely become more intense. Customers may now leave workers comments and star ratings that show on their profiles. These rating algorithmically dole out rewards and punishment, such as “deactivation”, the gig economy term for getting fired (e.g., removed from the platform).

It is true that many skilled independent contractors earn more than employees who do similar work. But low-wage workers are hurt. And when companies assign tasks to a large pool of online crowd workers the hourly pay is typically below the minimum wage. Such workers are not paid for the downtime. This system of “at-will employment” also generates a high degree of pressure on people who await the call. Kessler mentions one worker who sleeps in her office so that she could hear the alarm go off without waking her husband.

Following the remarks made by David Weil (The Fissured Workplace, 2014), Kessler reminds us that when large firms employed a wide spectrum of workers with diverse skills and occupations under one roof, the gains were to some extent shared by all employees. Kessler further observes that “the gig economy’s ballyhooed flexibility often seems to apply more to the company than to the employee”. The new labor market requires new strategies. The SEIU (Service Employees International Union) has supported “portable benefits” that move with workers from job to job.

In recent years, primarily due to the economic recovery of the post-recession era, participation in gig economy platforms has been falling. Some court rulings have determined that these workers are indeed employees as must be treated as such. Kessler, however, does not believe that it is possible to resurrect the old structure. She notes that “the last time our country had to reconstruct a safety net from scratch, technological progress had, much like today, just upended the way work was structured. As American workers flocked from independent rural farms and businesses to city-centered factories during the industrial revolution, work developed assigned hours, a central location, and a hierarchical structure. As with the evolution of work today, this change wasn’t immediately wonderful… the solution was not to force workers out of factories and back to farms.” It took another half century or so for the labor movement, in partnership with government and private groups, to generate safety mechanisms. The New Deal legislation that built them happened in the 1930s, long after the industrial take-over of the 19th century. A new economy also generates new possibilities. There may be hope after all!

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Local & National Events: Fall 2018

NY METRO

Sept. 8 – Labor Day Parade. Starts at 11 am., Fifth Avenue and 44th Street, Manhattan. For info. see www.nycclc.org.


Sept. 26 – “The Immigration & Deportation Crisis.” Speakers include: Emily Ngarra (Director, Hofstra Deportation Defense Clinic); Saul Guerrero (union organizer, UFCW Local 338); and David Dysegaard Kalick (Fiscal Policy Institute). At 2:55 p.m.-4 p.m. in Axinn Library, 10th floor, Hofstra U. This forum is presented by Hofstra’s Labor Studies Program, co-sponsored by the Latin American & Caribbean Studies Program. For more information, visit: hofstra.edu/laborstudies or e-mail questions to laborstudies@hofstra.edu.

Oct. 24 – “The Ethics of Immigration: Is U.S. Policy Immoral?”, at Hofstra’s annual Day of Dialogue. Speakers include: Ana Levy-Lyons (author of new book, No Other Gods: Politics of the 10 Commandments); Amy Baehr (Professor, Philosophy Dept., Hofstra), Paula Chirinos (CCE Fellow & DACA recipient) and Rosanna Perotti (Professor, Hofstra Political Science Dept.). David Mack Student Center, Hofstra U. Free admission, no reservations. For time schedule, visit www.hofstra.edu/cce. This forum is presented by Hofstra’s Labor Studies Program.


NATIONAL

Jan. 4-6 – Labor & Employment Relations Assoc. (LERA) at ASSA Annual Meeting, in Atlanta, Georgia. For info. visit www.leraweb.org.

RELEASE DATES FOR MONTHLY LABOR MARKET INDICATORS

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