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Job Growth, Unemployment and Wages through Mid-Year 1999

by Gregory DeFreitas

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

Job Growth

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

An industry-by-industry analysis of NY State Labor Department data reveals that construction again had the fastest job growth rates, both in the city and the suburbs(Figures 2 and 3). Thanks to a continuation of new hotel-building and office and residential construction and renovation, the industry added 6.1 percent more jobs downtown over the year through June. However, this fast pace only translated into a net addition of 6200 jobs. In contrast, the huge service sector generated 59,000 more jobs over this same period, which alone accounted for over three-fourth's of the city's entire job growth. Within the broad sector, the largest gains were in business services (+22,900 jobs), health (+8500), motion pictures (+7400), and socail services (+5200). Rising college enrollments were reflected in an additional 2500 professors and other staff on local campuses. Wall Street brokerages and the thriving real estate firms added 6400 positions, a modest contribution in light of their surging incomes. Meanwhile, commercial banks cut another 2000 jobs over the same period.

The New York City industry hardest hit by job loss was manufacturing, where the net decline of 3500 positions matched that of the 12 previous months in 1997-98. Only a few specific industries within the nondurables sector registered small gains, particularly food processing, bakeries, and publications. The slow, if steady, downtrend in manufacturing has now put the industry's job total at 260,000. Though a shadow of its former size decades ago, it is still provides over twice as many jobs as the fast-growing construction trades. The real estate boom fueling the latter's current expansion is driving ever more manufacturers, including those with products now much in demand, out of the city and the region.

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

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

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

Unemployment and Underemployment

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

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

The latest CPS household information on the numbers of local residents employed and unemployed is presented in Table 2. Clearly, the number counted as unemployed dropped (by over 34,000) over the same 12 months since June 1998 that the unemployment rate fell (from 7.5 to 6.6 percent). But the number of city residents employed was unchanged at 3.18 million. The decline in the number reported as unemployed thus appears to be far more the result of a withdrawal from the active labor force of unemployed jobseekers than an increase in the number holding jobs. A disproportionately large fraction of the labor force dropouts were in the Bronx and Brooklyn, the two boroughs long plagued by the weakest labor demand throughout the past decade. The roles played by discouragement over hiring prospects, skills mismatches, and other factors behind recent trends in local labor force participation have been explored in a new report from the city's Office of the Comptroller.[i] Whatever the explanation, the gross imbalance between job increases in the city and stagnant employment of city residents suggests that, at least in recent months, most of the new jobs have been going to commuters and, to a lesser extent, to multiple jobholders.

Despite the improved unemployment numbers, New York City's rate is nearly two full percentage points above the national average. In its most recent May comparison of the country's metropolitan areas, the Bureau of Labor Statistics reported that New York's 1.1 percentage point drop in its unemployment rate over the past year was a larger improvement than in any other metro area except New Orleans and Providence. But New York still ranks among the two worst in unemployment. At 6.4 percent, Miami's unemployment in May exceeded the 5.8 average of the New York PMSA (NYC, plus Putnam, Rockland, and Westchester counties). Jobless rates were under 3 percent in Atlanta, Boston, Minneapolis, San Francisco, and Washington, and 3 to 4 percent in Chicago, Detroit, Nassau-Suffolk, Philadelphia, and seven other large metro centers.

In a region with as diverse a work force as New York's, it is essential to go beyond city-wide or county averages to look at the particular experiences of major demographic groups. Table 3 presents separate estimates of unemployment, employment-population, and underemployment rates by gender, race, Spanish Origin, age, and immigration status for the 20 center cities of the largest metropolitan areas and the suburbs of all metropolitan areas. To produce large enough samples to permit reliable statistical estimates of these geographic and demographic subsets, we pooled the most recent three months (the first quarter of 1999) of raw CPS household data, obtained from the U.S. Census Bureau.

The first column of estimates show that New York still has a somewhat higher unemployment rate than most other large cities, and a far lower fraction of the adult population with jobs (54 percent, compared to 63 percent in the average city). In nearby Long Island, the employment-population rate is over ten percentage points higher than downtown. By the broader measure of "underemployment" (taking into account discouraged labor force dropouts and part-timers unable to find full-time work), 12.2 percent of New Yorkers are underemployed, as are 11.1 percent in the large city sample, but only 5 percent of Long Islanders.

All major racial/ethnic groups represented in the table have lower employment-population rates in New York than do their counterparts in large cities or suburbs. But a wide gulf still separates the jobholding success of white non-Hispanics from that of African Americans and Latinos. While only 3.5 percent of whites were counted as unemployed in the city, Hispanic unemployment was more than double that, and the black rate higher still at 12.5 percent. Slightly less than half of blacks and Hispanics hold jobs. And the figures for teenagers are as startling as ever: only one in five New York youth has a job, compared to 32 percent of teens in other large cities and nearly half of Long Island youth.

Earnings Trends

After two decades of painful real wage erosion for most working people, particularly those without college backgrounds, some tenuous wage gains have been won over the past two years.[ii] This is evident both from widely reported national data, and from the local data we have examined. As we noted in the Spring 1999 issue of *RLR*, a number of relatively low wage industries in New York reported wage growth among non-supervisory production workers in the fourth quarter of last year. This was based on the limited, establishment-level earnings summaries published monthly by the NY State Labor Department. We have conducted our own wage analysis of the latest available household data in the Current Population Survey for the first quarter of 1999, as well as that for the same three months in 1998. We looked only at employees ages 18 and over who indicated that they were not currently enrolled students, who worked in non-managerial, non-supervisory occupations in nonfarm industries, and who reported positive earnings.

The findings in Figure 4 contrast the 1999 average weekly earnings levels of nonsupervisory employees who have no more than a high school degree with those who have completed one or more years of college. Figure 5 plots the percentage changes in average, inflation-adjusted earnings over the year since 1998's first quarter. Though the average nonsupervisory worker resident on Long Island earned nearly $40 more per week than his counterpart living in the city, the latter experienced a 1.7 percent annual wage hike while the Long Island averages declined. New York City's non-college residents won an average earnings increase of 6.7 percent, more than double that of New Yorkers with a college background (+2.3 percent). Both were well ahead of the average national growth rates, though the national pattern has also been one of far larger wage growth rates of late among the less-educated.

Separate estimates for major race/ethnicity groupings reveal more rapid earnings progress in the most recent period for minority workers than for white non-Hispanics. In New York City, Latino workers experienced the largest earnings hikes, followed by African Americans. The result has been an increase in their average earnings relative to whites. Over the year since early 1989, the black-white earnings ratio rose from .67 to .73, and the Hispanic/white non-Hispanic ratio jumped from .50 to .62. Clearly, more than one or two years of such wage hikes will be needed to erode these still-wide earnings gaps.

Recent improvements in worker compensation have, in some quarters, begun to awaken fears of new labor cost pressures on producer prices, which might then cause the Federal Reserve to adopt more aggressive anti-inflation measures than its small interest rate hike in June. This was apparent in the worried Wall Street reaction to the second quarter compensation statistics released in July. The Employment Cost Index, the most closely watched Labor Department measure of total labor compensation, rose by 1.1 percent – triple its first quarter rate, making it the largest increase in eight years.

Aside from the ever-more-dubious linkage of labor costs with price inflation and unemployment levels, recent compensation trends are a misplaced target for such concerns. Close examination of the quarterly figures shows that the rise in the compensation index was from an unusually low base in the previous two quarters. In fact, over the past 12 months, private industry's compensation levels crept up just 3.3 percent, compared to 3.5 percent growth the year before.

Far less investor anxiety has been heard about other recent compensation increases. In its annual survey of executive pay, Business Week revealed that, in 1998, the average CEO of a large U.S. corporation made $10.6 million. This breathtaking annual sum represented a 36 percent hike from just the year before. Over the same year, the average white-collar employee's pay rose a mere 3.9 percent, and that of the average blue-collar worker inched up just 2.7 percent. Over the period since 1990, during which most workers real pay rose little if at all, the average CEO paycheck has climbed 442 percent. The average chief executive now receives 419 times the pay of the average blue-collar worker, far more than in earlier decades or in most other industrialized nations.[iii]

Table 1
Number of Nonfarm Jobs (in thousands) by Place of Work: 1998-99

	June 1999	June 1998	% CHG
U.S.	129542.0	126804.0	2.2%
NY State	8449.7	8309.1	1.7
New York City	3610.3	3535.9	2.1
Nassau-Suffolk	1195.7	1167.5	2.4

Source: Establishment data (not seasonally adjusted) from NY State Dept. of Labor.
Note these data are from the revised 1992-98 payroll jobs estimates released in March by the Dept. of Labor.

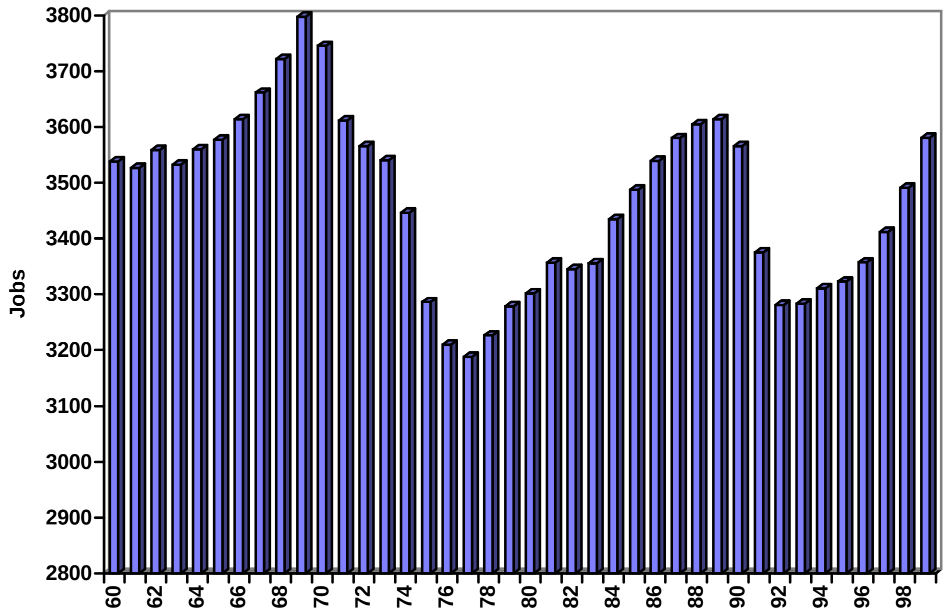
Table 2
Civilian Labor Force, Employment & Unemployment:
New York City, Nassau-Suffolk & All U.S., June 1998 - June 1999

	Labor Force		Employed		Unemployed		Unemp. Rate	
AREA	June 1999	June 1998	June 1999	June 1998	Jume1999	June 1998	June 1999	June 1998
U.S.	140666.0	138798.0	134395.0	132265.0	6271.0	6534.0	4.7%	4.5%
NYC	3403.4	3439.4	3179.3	3180.8	224.1	258.6	6.6	7.5
Brooklyn	950.6	962.6	878.5	878.9	72.1	83.7	7.6	8.7
Bronx	459.6	467.9	423.4	423.6	36.3	44.4	7.9	9.5
Manhattan	819.6	827.8	772.0	772.4	47.6	55.4	5.8	6.7
Queens	980.1	985.8	922.8	923.2	57.4	62.6	5.9	6.4
Staten Island	193.4	195.2	182.7	182.8	10.7	12.5	5.5	6.4
Nassau-Suff.	1451.0	1423.0	1401.9	1377.8	49.0	45.4	3.4	3.2
Nassau Co.	715.0	701.7	692.7	680.8	22.3	20.9	3.1	3.0
Suffolk Co.	735.9	721.4	709.2	697.0	26.7	24.5	3.6	3.4

Source: CPS household survey data (not seasonally adjusted.) from NY State Department of Labor, 1999.

Figure 1

Number of Payroll Jobs in Establishments located in New York City, 1960-99
(numbers in thousands)



Note: 1999 estimate is average of Jan. – June seasonally adjusted jobs data.
Source: New York State Department of Labor, based on nonagricultural establishment surveys, 1960-1999.

Figure 2
NYC Job Growth by Industry: June 1998 - June 1999
(in thousands of jobs, and percent change)

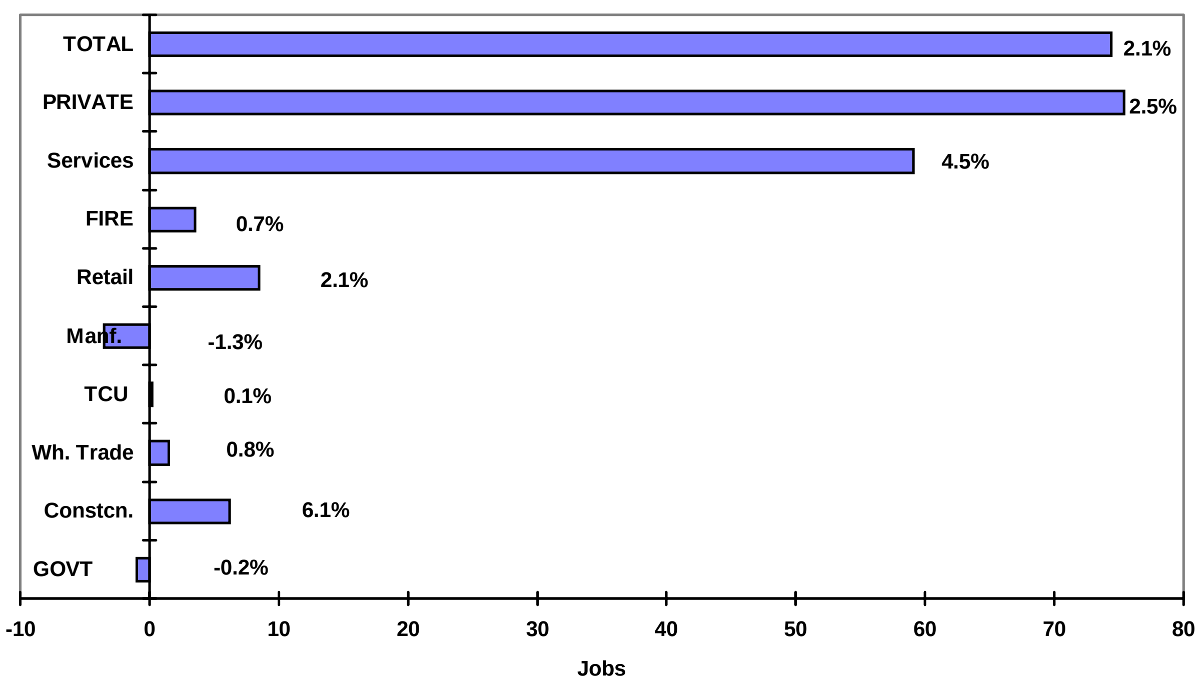
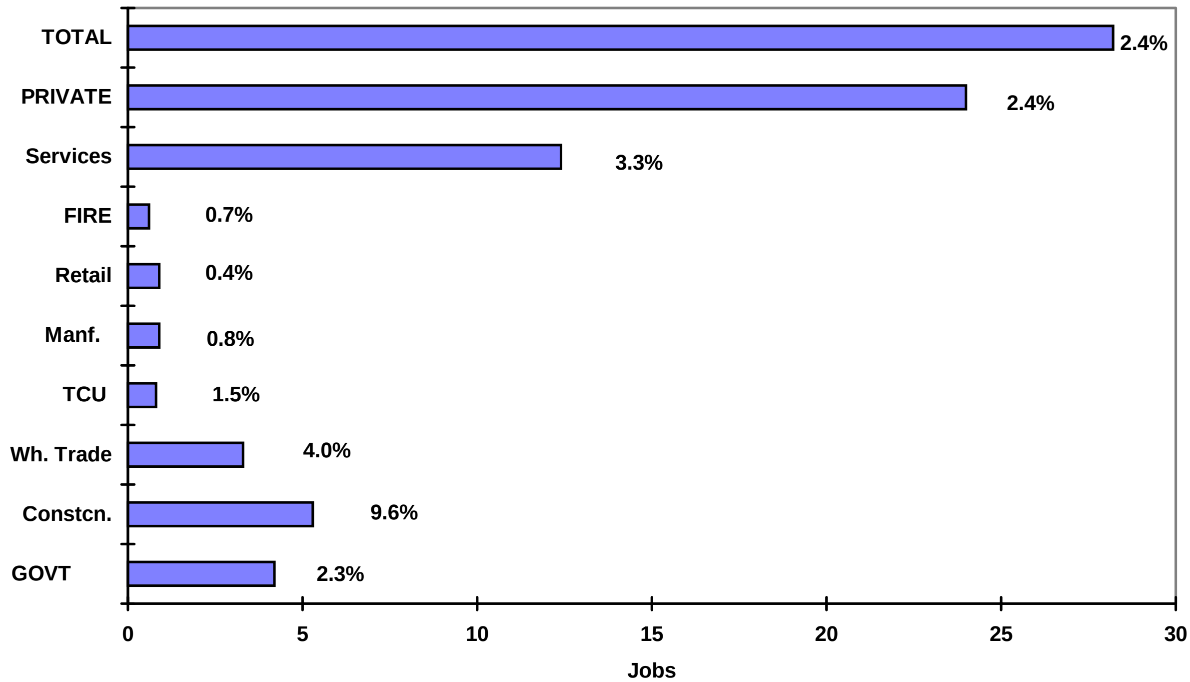


Figure 3
Nassau-Suffolk Job Growth by Industry: June 1998 - June 1999
(in thousands of jobs, and percent change)



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

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

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

Source: Authors' calculations from Jan. – March 1999 Current Population Survey. The "underemployment rate" is here measured as the total officially counted as "unemployed," plus those "marginally attached" to the labor force who are discouraged workers plus persons employed part time for economic reasons, expressed as a percent of the sum of the official labor force plus those counted as marginally attached. The "big cities" category consists of the subsample of center city residents in the 20 largest metropolitan areas, excluding New York City.

Figure 4
Average Weekly Earnings of Nonsupervisory Workers, by Education Level, All U.S., NYC and Nassau-Suffolk, 1st Quarter 1999

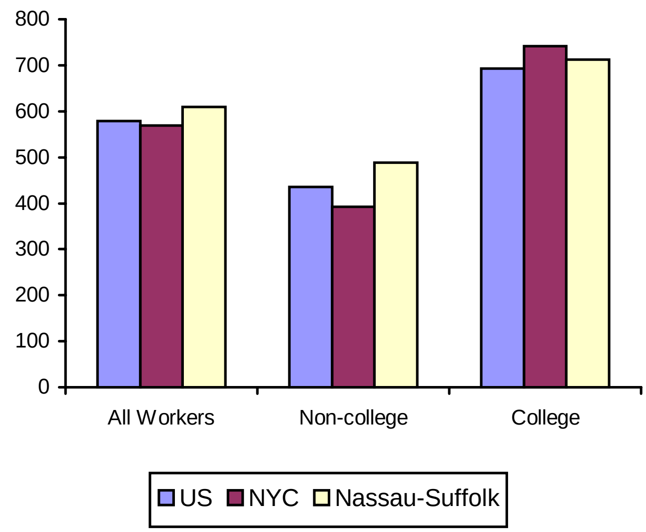
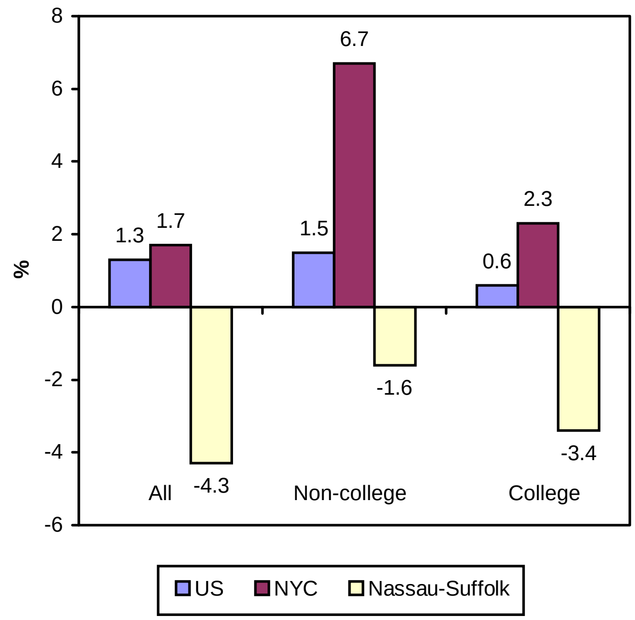


Figure 5
Earnings Changes for Nonsupervisory Workers, by Education Level,
All U.S., NYC and Nassau-Suffolk, 1998:Q1 – 1999:Q1
(% Change in Average Weekly Earnings, inflation-adjusted)



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

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NOTES

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i NYC Office of the Comptroller, "NYC's Labor Force Challenges," Economic Notes, Spring 1999.
ii See Jared Bernstein, "Real Median Wages Finally Recover 1989 Level," Quarterly Wage and Employment Series, Economic Policy Institute, 1999.
iii Business Week, "49th Annual Executive Pay Survey," April 19, 1999. For a more recent survey of CEO pay on Long Island, see Newsday, "The $20 million Club," June 21, 1999.

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

by Niev Duffy

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

Achieving gender pay equity means eliminating any difference in worker compensation based directly upon the sex of a worker. Those seeking a more detailed definition of pay equity will find considerable differences in interpretation of the term. At a minimum, pay equity means "equal pay for equal work" as required by the Equal Pay Act enacted during the Civil Rights movement of the 1960s. Generally speaking, the courts have interpreted this to mean that men and women performing the same work should receive the same wages. A second, broader definition of pay equity would include equality in pay between jobs of comparable worth, that is, jobs that involve different tasks, but are of equal value to the employer.

But even if pay equity were achieved in similar jobs and across jobs of comparable worth, there would still be a gap in earnings between men and women, due in large part to women's disproportionate family responsibilities and their resulting loss in education and work force experience. A third, and still broader definition of pay equity would involve compensation for lost work force earnings due to family responsibilities or even economic compensation for parenting (as practiced in France).

This article will explore recent progress towards achieving the first two definitions of pay equity described above. To date, most debate regarding pay equity has focused on national trends. Little has been written about recent trends in pay equity in New York, though it is generally perceived to have made greater progress than the rest of the country. This paper seeks to shed light on conditions in New York City and Long Island. Evidence shows that the median earnings gap between full-time year round male and female workers is indeed smaller in New York State and New York City than in the country as a whole. However, the opposite has been true on Long Island for most of the 1990s. In addition, the gap in mean incomes of men and women on Long Island appears to be growing. Surprisingly this growing gap does not appear to be a result of women's greater concentration in low skill/low wage occupations, but rather, growing earnings inequality between men and women in the higher paid occupations, such as administration and management.

Before discussing these trends in the New York Metropolitan area, we will first briefly review some general reasons for the gap in wages between men and women nationally.

Why a Gap in Earnings?

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

Another 1/3 of the gap in earnings between men and women can be explained by the different occupations and industries dominated by men and women[iii]. There is considerable segregation of the sexes by occupation and industry, and it is well known that those areas dominated by women pay considerably less well than those dominated by men. Economists generally attribute pay differences across occupations to market forces and assume wages differentials to be free of bias, resulting only from the differing demands and/or productivity of each job. However, there is also evidence of discrimination across occupations and a substantial portion of the gap in pay can be traced to the gender of the typical worker in the field.

The lack of access of women to occupations traditionally dominated by men increases competition among women for jobs within the limited range of occupations open to them, particularly secretarial/administrative support and services. As a consequence of the increased competition, employers are able to offer lower wages to female workers in female dominated occupations.

The portion of the wage gap that remains unexplained by the factors listed above is due to either unobserved differences between male and female workers, or to gender wage discrimination. In other words, if a gap in earnings cannot be explained by a difference in productivity or value to an employer, and can only be attributed to the sex of a worker, then that portion of the gap is a result of a negative bias towards female workers. Though evidence suggests that gender discrimination declined considerably during the late 1970s and 80s, it is still responsible for more than 1/3 of the earnings gap between men and women[iii].

Progress in Pay Equity in the United States

Legislation passed during the Civil Rights movement of the 1960s outlawed most forms of employment and compensation discrimination based on gender. However, the wage gap between male and female workers did not begin to close until the late 1970s when full-time, year round female workers still earned only 59 cents on the dollar earned by men. During the next decade women's earnings rose relative to men's, and by 1990 the average woman earned 72 cents on the dollar[iii].

Increases in women's work experience, educational attainment, and representation in traditionally male dominated occupations led to an 11.5% rise in women's earnings relative to men's during this period[iii]. Between 1979 and 1988 a substantial decline in the unexplained portion of the gap, suggesting a reduction in gender discrimination, also helped to raise women's earnings closer to those of men.

Over the last four decades changing economic conditions and attitudes concerning women's work outside the home have led to increased labor force participation and work experience among women, increasing the importance of women’s' earnings for sustaining household income. In fact, a joint study performed by the AFL-CIO and the Institute for Women’s Policy Research found that in 1997 almost two-thirds of all working women and slightly more than half of married women provide half or more of their family’s income[iii]. Today, 71% of women in married couple families with children work outside the home. As a consequence of these trends, the perception that women work for "pin" money has greatly diminished and it is no longer used openly as a justification for paying female workers lower wages than men.

While there is no question that women have made real progress in earning potential since the late 1970s, much of the apparent gains in equity have been due to less fortunate economic trends. A substantial portion of the reduction in the gap between male and female earnings has been due to falling male wages in the United States. The slide in median male earnings (after adjustment for inflation) and the consequent narrowing of the gap between male and female earnings is clear from Figure 1. In addition, the faster decline in union membership among men (who are more likely to belong to unions than women) and the loss of the earnings benefits that unions offer, has lowered male earnings relative to those of women. It would seem pointless to suggest that a narrowing of the earnings gap between men and women is a positive sign where it results from a decline in male earnings rather than an increase in female earnings. At best it can be hoped that the narrowing of the earnings gap will continue when wages begin to rise again.

Though the combination of social and economic changes contributing to the closing of the wage gap during the 1980s have continued into the 1990s, the narrowing of the wage gap appears to have stalled in the United States during the last decade. By 1995 women earned only 71 cents on the dollar earned by men.

Pay Equity in New York City & Long Island During the 1990s

New York is generally considered to be one of the more progressive states in terms of pay equity. To test the current accuracy of this image, I conducted statistical analysis on data collected by the U.S. Census Bureau in its monthly Current Population Survey. My findings suggest that New York women do appear to enjoy a smaller pay gap than elsewhere in the country. In 1997, the pay gap in median income for the U.S. as a whole was 29 cents on the dollar, while it was only 18 cents in New York State. Between 1989 and 1997 the wage gap in the state fell from 30 cents on the dollar to 18 cents on the dollar for full-time year round workers, aged 18 and over. During this period women's incomes in New York State rose faster than they did nationally, and were roughly 20% higher than the national average for women in 1997. However, to some extent, the lower wage gap in the state also reflects the fact that median male earnings *declined* faster here during the 1990s than in the U.S. as a whole.

A similar story can be told for both New York City and Long Island. In both regions, male earnings declined substantially during the 1990s. After dipping somewhat during the mid-1990s, median female earnings recovered in the metropolitan area in 1997. As a result, the pay gap in New York City was stagnant during the early 1990s and then almost disappeared in 1997 when women achieved near equity with men in terms of median income (see Figure 2). On Long Island the pay gap rose initially and then fell in 1997. In 1989 women on Long Island earned an average of 67 cents on the dollar earned by men and in 1997 this figure rose to 81 cents.

From Figure 2 it is clear that New York City and Long Island look quite different in terms of pay equity. In NYC the female/male earnings ratio is consistently above that of New York State or the U.S., and on Long Island it is considerably below, with the exception of 1997. Since gains in median real income in the New York Metropolitan area for women were very modest during the 1990s, most of the apparent increase in pay equity was due to declines in male median earnings.

Are Women in New York Rising on the Economic Ladder?

Given the slide in median male earnings during the 1990s, it is difficult to say whether or not there has been true progress in pay equity over the last decade in the New York Metropolitan area. It would therefore be useful to have an alternative measure of women's progress in terms of their relative status within the labor force. One possibility is to look at changes in status within those areas of the economy where earnings growth is greatest. While income growth in high skilled sectors of the labor market have been high enough to lift the average or mean income of all workers in the New York Metropolitan area, women seem to have benefited little from recent income growth in these sectors. If women are excluded from gains at the upper tiers of the labor market, then the potential for gender equity under current patterns of economic growth is drawn seriously into question.

In order to explore the extent of women's integration into those areas of the economy experiencing rapid earnings growth, an alternative measure of income is needed, one which emphasizes earnings of workers in high wage sectors where wage growth has been the greatest. The trends discussed in the preceding section all involve median income, a rough measure of how much the "*typical*" worker earns. Another common measure of income, which places greater emphasis on workers at the upper end of the earnings spectrum, is average or mean earnings. This measure of income is often avoided because it overstates the income of most workers when the distribution of income is very unequal. A relatively few individuals with very high and rising incomes can increase average earnings, even when most workers are experiencing wage declines.

Comparing the mean earnings of men and women provides a clearer picture of the degree of inequality between men and women at the upper end of the income spectrum. If women are underrepresented at the top of the economic ladder then the gap in *mean* earnings between men and women will be greater than the gap in *median* earnings. In New York, as in the United States as a whole, the gap in mean earnings between men and women is indeed far higher than the gap in median earnings, indicating that there is greater inequality between men and women at the top of the economic ladder than at the lower levels. Moreover, during the early to mid-1990s the gap in mean earnings between men and women in New York City, Long Island and New York State, rose substantially before falling again in 1997 (see Figure 3).

As with median income, the gap in mean incomes of men and women on Long Island is far higher than in NYC or the U.S. as a whole. During the 1990s the average income of men on Long Island increased, but was stagnant for women until 1997, when it experienced a modest rise. The result has been a widening of the gap in average earnings between men and women. It would seem then, that recent economic growth in the area has benefited men far more than women.

One might expect that the increasing gap in mean earnings between men and women is a result of the more general trend towards greater income inequality between high skill and low-skill workers in the labor market. One of the frequently cited explanations for growing earnings inequality is the development of a two tier labor market in which there are numerous low-skill/low -wage jobs experiencing wage decline, and a smaller number of high-skill/high-wage jobs experiencing wage growth. If the growing gap in average earnings between men and women were due to this two tier labor market, then it would result from women's heavier and increasing concentration in low skill/low wage occupations where real wages tend to be falling.

However, this does not seem to be the case and an alternative explanation for the growing gap in mean earnings of men and women is needed. In fact, there has been no clear shift of women into low skill/low wage occupations in either New York or Long Island, or any significant shift between occupations at all. In addition, women's incomes in low wage occupations have been relatively stable when compared with men's, which have been falling. Instead, the gender gap in mean earnings appears to be rising primarily as a result of growing earnings differentials within occupations, particularly those at the top of the income spectrum.

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

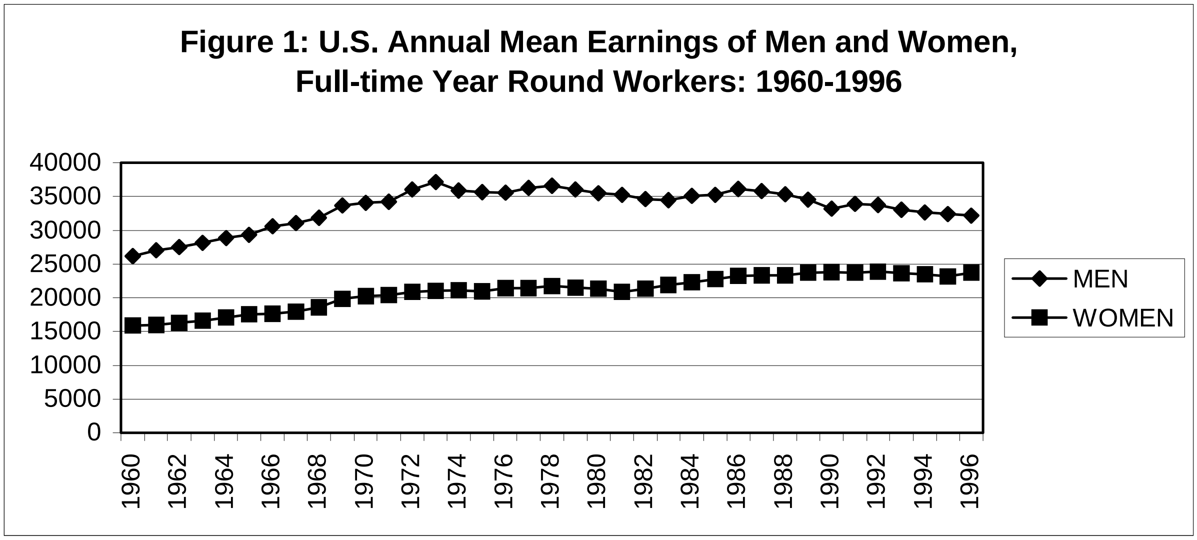
It is generally accepted that increasing educational attainment is the best way to raise earning potential and reduce pay inequality. To the extent that women's educational attainment is not rewarded at the same rate as men's, women's potential for economic advancement is limited. Surprisingly, while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

Summary

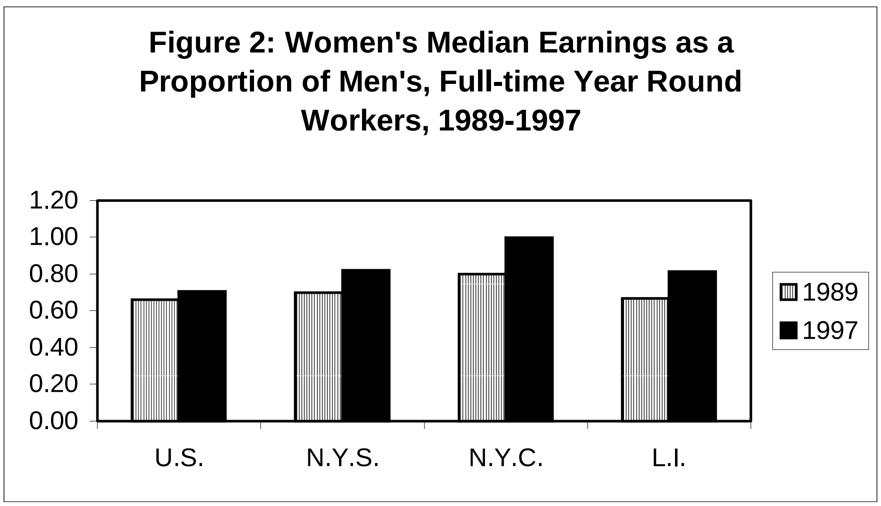
Given the slide in average male earnings during the 1990s, it is difficult to know whether or not the decline in the median wage gap in New York City and on Long Island reflects an improvement in women's earning potential relative to men's. In fact, it is possible that women are more sheltered from the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

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

The last two decades have led to dramatic increases in earnings inequality in the New York Metropolitan area, and in the United States as a whole. Though average or mean real wages have continued to rise, as a relatively few high skill workers have experienced rapid earnings growth, most Americans have been paid less every year (in inflation-adjusted dollars). The evidence presented in this paper suggests that, on average, women are more susceptible to this rising inequality since they appear to be excluded from earnings gains at the top of the economic ladder.



Source: Economic Policy Institute, 1998. Real earnings of persons 15 years and over.



Source: This and the following figures are based on the March 1998 C.P.S.. Samples include workers 18 years of age and over. Real earnings were calculated by adjusting nominal earnings for inflation with the Consumer Price Index.

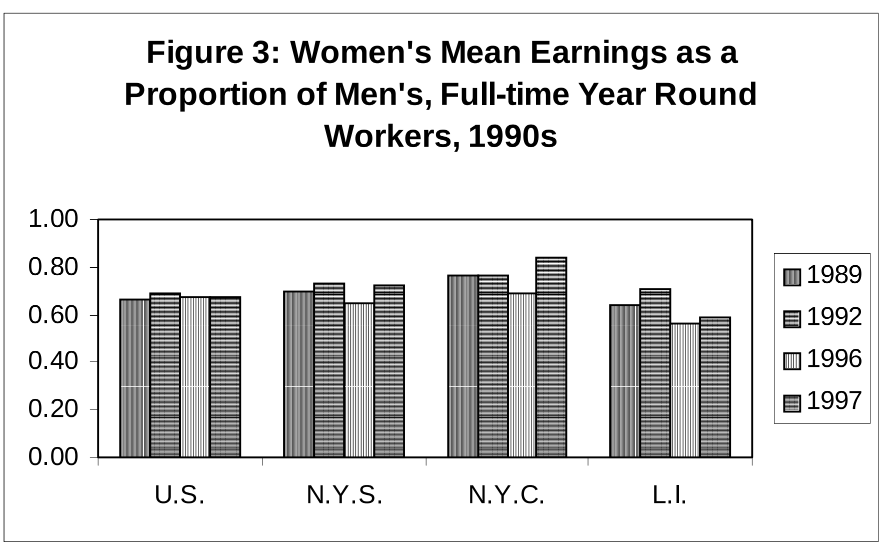


Figure 4: Women's and Men's Mean Annual Earnings on Long Island, Full-time Year Round Managers and Officers/Administrators, 1989 and 1997

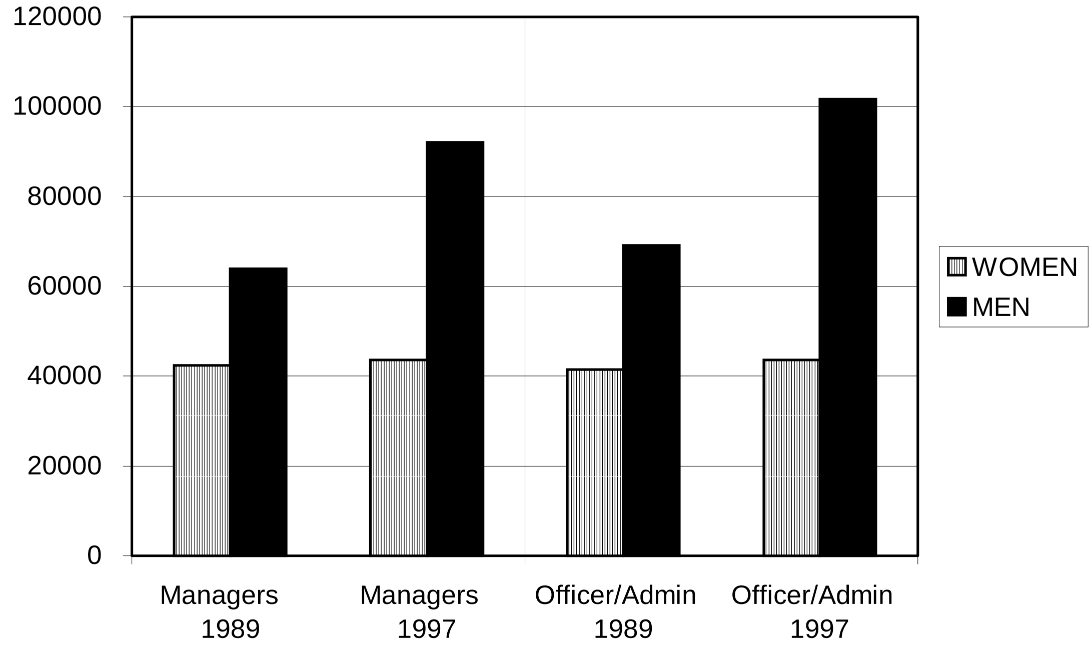
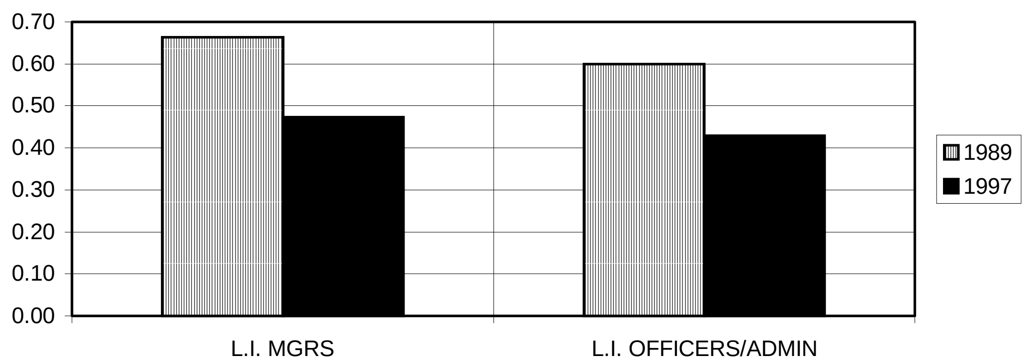
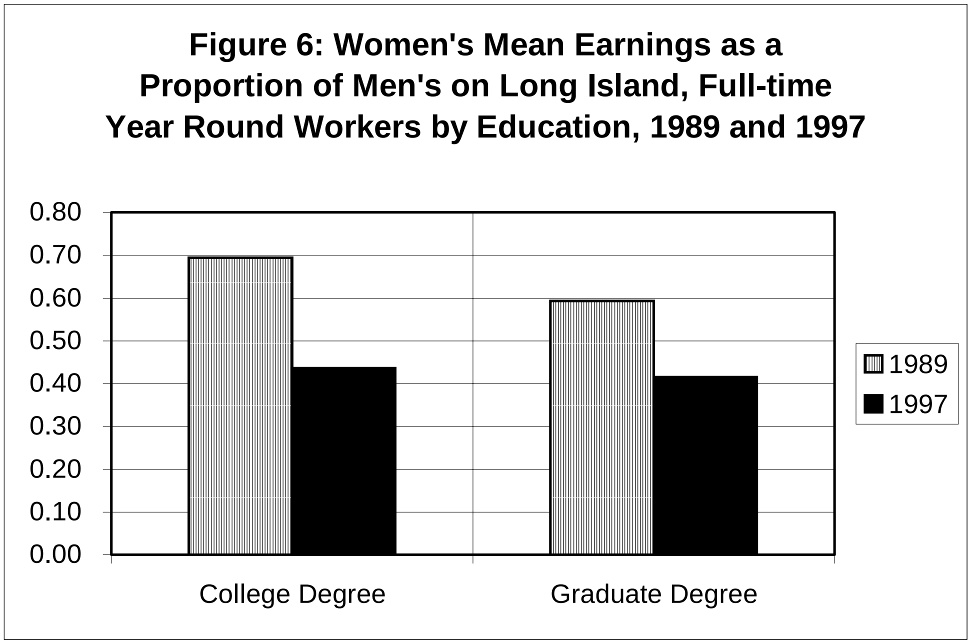


Figure 5: Women's Mean Income as a Proportion of Men's on Long Island, Full-time Year Round Managers and Officers/Administrators: 1989 and 1997





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INTERVIEW

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

by Gregory DeFreitas

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

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

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Q How was the National Labor Committee begun?

CK: Well, the National Labor Committee was actually founded back in 1980, long before I was on the scene. The National Labor Committee was started by the Machinists Union’s President, William Wippsinger, Jack Scheinkman from the Clothing and Textile Workers Union, and Doug Fraser from the Auto Workers Union. It was the first time there had been a democratic debate in the AFL-CIO over foreign policy. These unions and the staff around them broke with the AFL-CIO over South Africa, Central America, and the Caribbean. They didn't want to side with the Contras. The AFL-CIO was raising money for the Contras and supporting the military in Guatemala and El Salvador. The National Labor Committee really started out as a group inside the AFL-CIO that opposed the AFL-CIO being a rubber stamp for the State Department. The AFL-CIO at the time took $33 million a year from the U.S. government, mostly from USAID. Obviously, every single cent of foreign affairs money for the AFL-CIO came from the State Department, which is why the AFL-CIO supported the Vietnam War, supported the invasion of the Dominican Republic, supported the coup in Guatemala – you name it. This was the first break. So what happened was after the peace accords were signed in Central America, after years of US policy supporting the war and the military and the deaths of trade unionists and nuns and priests and peasants, at that point we had the choice to shut the committee down. I had joined the committee in 1987, and many people said to us, "Congratulations! You won. You helped change the AFL-CIO, you have the peace accords in Central America." They said, "Let's shut the committee down and just hold on to the stationery and if we ever need it again we will resurrect it." What we decided to do was take the committee and make it an independent human rights group, one that focused on worker's rights issues.

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

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

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

So, in this jumping around in photography, working to make enough money to go back to the photography, I was asked to go to Central America on an international peace march. -- the first international peace march. It was largely religious people from the United States and from Europe. A former missionary from California, Blaise Fontaine, asked me if I would go on this march, so I went as a photographer. I remember what Jean-Paul Sartre said: that when you go out of the motherland, like to the colonies, you begin to see your own country like you had never seen it before. When I went to El Salvador and we were in this peace march, I was assigned to a trade unionist who was under death threats because he had joined the peace march. In the period I was assigned to protect him, through a translator he told me the whole story of the union. How six people had been killed by the death squads. He took me to the prison where kids of the union leaders were imprisoned just because the union leaders signed a contract. These children described to me how they had been tortured. They had burn marks on their arms still from the electroshock treatment. They would put them in tubs of urine and excrement and hold them under until the point that they were almost drowned and then drag them out and give them electroshocks.

All across El Salvador, coffee workers told me that when they were picked up by the military they would be stripped naked and the military would hang them from a tree with a metal belt on and apply electroshocks and they would fly around in circles, out of control. They had a special torture: they would put a bag over your head called a *capucha* with lime in it. The bag would only be over your head for a little while before you passed out. But because of the lime, before you passed out you would see bright flashes of color and then they would pour acid on you to wake you up.

By the time I got out of there, and I was only there a very brief period of time, I came right back to my apartment and I started to organize from that very second. I remember getting off the plane and being so tired. But I didn't take a day off or anything. I just sat at my desk and started writing about the experience. I was really naïve. This was 1985 and I lived in New York. I came back from El Salvador, Honduras, Nicaragua, and I came back to New York and I started writing stuff up. I actually thought to myself, "who should I work with? " There were only two groups in the country that had any power left: the religious movement and the labor unions. So I decided to work with the labor people because a lot of people were talking about the rights of peasants, political rights. But no one was talking about what was happening to the unions. So I just started and I ran a campaign out of my apartment. I had no money and my parents were splitting their social security checks with me to help run this little campaign.

Q: Were your parents from a union background or a religious background?

CK: They were a working-class family from Brooklyn. They were very religious, very devoted to education. Not political at all. We didn't even have newspapers in our house. They had a deep sense of justice. My parents always took in foster kids so they wouldn't have to stay in a hospital while waiting for homes. My mother had about 20 kids in a row, where they would live with us for a year before they were fully adopted. So they supported this stuff.

Q: So this is where you joined the National Labor Committee?

CK: Out of that I began to meet different people. I worked out of my apartment for a year and half. Eventually, I ran into Local 111 of the Teamsters, and they gave me an office in their local downtown and from their I ran into the Clothing and Textile Worker's Union. Rev. Dave Tyson, who founded the National Labor Committee, was the director then and in 1988 he asked me to join the Labor Committee. He is a Presbyterian but he was working at the time for the Amalgamated Clothing and Textile Union, running their union label department. That is where the National Labor Committee was housed. He asked me to come on board, then he left to take over his own parish, and I became Director of the Committee. It was at that point, in 1990 when the peace accords were signed, that we took the Committee completely independent. Now on our Board of Directors our President is a Jesuit priest, and our board reflects academics, labor people, attorneys, women's groups.

Q: So the Jesuits are involved and you said earlier that the Unitarian Church on Long Island is heavily involved and a major funder?

CK: We work really closely with religious people.

Q: What are the other major churches?

CK: On our board is the head of the Women's Division of the Methodist Church. They have really long titles like the United Methodist General Board of Global Ministries Women's Division. We work really closely with the Presbyterians. The Methodist fund us, the Presbyterians fund us, Unitarians funds us. We also work with the United Church of Christ. We work very closely with the Jesuits and we are beginning to receive a lot of small donations from Catholic nuns all over the country. We work closely with Rev. Peter Laarman [*of Judson Church in lower Manhattan*]. He is one of our heroes; he is the intellectual. We respect him immensely.

Q: Now UNITE became heavily involved in what you said was the Union Label Campaign. But could you explain why the National Labor Committee was not part of a "Made in America" drive? How is it that UNITE has remained a great supporter of your work? Does that create some tension?

CK: Oh, yeah. We fight every day. It is an interesting relationship. Our cash budget, which is now starting to grow a tiny bit, last fiscal year was something like $312,000. Of that, labor contributions were only 13%. So in some ways we are fiercely independent. Much more of our money comes from small foundations. It is not just the churches. We get money from ARCA foundation, New World Foundation, General Services Fund -- little ones. The big ones won't touch us. And now we are trying to build a membership base. But we're largely independently funded.

On of the tough points here is that we're working in solidarity with workers in Central America. Suppose the union up here has a campaign, like the one they had against Leslie Fay at one point. That company was going to pull the work out of Pennsylvania and take it offshore. Well, all of a sudden we could join forces with the campaign in Guatemala and Honduras around Leslie Fay production there. But when the union up here wins what it needs for its workers, it needs to stop the campaign. It has to prove to the boss, to the company that if you play ball with us and you treat our union workers with dignity and respect, we will call off the campaign. That leaves workers in Central America out on a limb and left to hang. So there will always be those kinds of tensions between different types of groups. Our mission is much different than theirs. Their mission is to organize workers in the United States and to defend their workers' jobs and to defend dignity and decent working conditions. Our mission is to reach the American people on how U.S. companies behave offshore and to bring people into the struggle to hold companies accountable. It overlaps and we have a close relationship with UNITE. But, we struggle against each other. It is a very independent relationship. There is a fight a day over strategy, over tactics.

No one has ever told us what to do because we would never listen anyway. We have a very strong relationship with UNITE and I would like to use it as a model for our relationship with the rest of the AFL-CIO. We have a very good relationship with UAW. They are one of the unions that has opened their locals to us. We can speak at any single UAW local in the country. No other union has given us that. That shows enormous respect and courage because that is saying you can go out and talk to our members in our locals. So we keep close relationships with the unions. Very close with UNITE, UAW, Steel Workers, and with Food and Commercial Workers a little bit now because of the Wal-Mart campaign. But, the real thrust of where the committee is going is toward people in local communities, toward people in parishes. The secret weapon of our committee is the nuns. We probably have every single nun in the country, every order on our mailing list. It's like pressing a button; they're relentless. The companies hate them more than anything else.

Q: How did you, as a small group in 1990-91, decide to take on a giant like Wal-Mart?

CK: When we did the "60 Minutes" story around USAID, it was a mistake. I always say I went into this work by mistake. And almost everything we have done is by mistake. So much of the work is luck. It's not that it is not hard work. I work seven days a week, and you are constantly thinking of strategy and you are constantly pushing and pushing. But, you are dependent upon other people making mistakes and you are dependent upon luck. That's one of the advantages to moving very fast. When we made that video, "Zoned for Slavery," the fact is that we got into the factory because they thought we owned the factory. We had no intention of getting in. We thought we were going to film a confrontation on the outside. When we got into the free trade zone, we saw a sign there: "For Employees Only." We went in, and there was an armed guard who let us in because he saw the other armed guard saying it was okay to let us in. We filmed for 15 minutes when the management grabbed us. It was a Korean factory. When they grabbed us they were going to take the film away from us, but we kept the cameras rolling for the audio part and they were cursing at us something fierce in Korean. We had a translator translate it when we got back. What they wanted to do was take the film away from us and they had guns, pistols. But by chance the sound person who was on our team, the only person hired, he was 6' 8" and he had long curly hair and a bandana around his neck and he looked crazy and had the big boom stick in his hand. The Koreans were saying that they didn't think they could shoot him. They were saying they could handle the rest. "We can't get the big guy." And, so, they let us out of the factory with the film because they were afraid of this guy.

We went back to New York with the film. We walked out of the place. We should have never gotten into the place. Once in, we should have never gotten out with the film. Once back in New York, I got a call from Senator Metzenbaum. This was in 1994, before he retired, and he asked us to come to hearings. We sent him excerpts of the video, and he sent them to President Clinton. Clinton's cabinet people watched the video and confused us with the AFL-CIO. They thought we were going to take ads out on television to attack the GATT enabling legislation. So what happened was that Clinton took the GATT legislation out of Congress and took a pen and drew a line through $160 million a year in tariff breaks that U.S. companies were going to get for producing in Central America and the Caribbean. He figured if he took $160 million away of increased tariff breaks from the U.S. companies in Central America and the Caribbean, then we would stop attacking the GATT enabling legislation because we wouldn't be able to use that footage. Companies overnight lost $160 million a year and the thing was a mistake from beginning to end. We were not the AFL-CIO. We couldn't take an ad out in a college newspaper, let alone television commercials. Our work has been like that from the very beginning.

Q: Do you think your work on these exposes contributed to the labor protections, though very weak ones, in NAFTA?

CK: Absolutely. We were screwed. But, Clinton used all of our material. I wrote this little pamphlet called " Paying to Lose Our Jobs, which accompanied the "60 Minutes" program. Press people told me when candidate Clinton was running, they said: "You should see this, he is on the plane and is reading your report aloud to all the reporters. And everybody is laughing and he is saying, 'Get a load of this. They gave them this tax break and this…'" It got to the point where they used our material so much that I had to get a mattress put into my office. Because the Clinton campaign people would call me and would say: "Clinton has gone to Michigan and he wants to go to a factory that has been shut down and has moved offshore with money from George Bush, from AID." We would have to go through plant closing records to look for a factory that closed, went offshore and relocated. They would call me at 2 – 3a.m. "Clinton wants to be tomorrow at 10 a.m. at a factory. Can you locate the factory?" They sent lawyers down to our office to make sure we weren't nuts. They went through our files and everything and they wanted to spend a day with us. They would have debates, him and Gore, and they would want me to fax them like 180 pages of faxes before the debate would go on. This is in the 1992 Presidential Campaign.

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

Q: Do you think that there is any hope, given how weak they have been shown to be, to reverse that?

CK: Yes. I don't even think that historically. What I think is that none of these things are written in stone. NAFTA was meant to write in stone investment that was already flowing across the border. It was going to nail down what the reality and the practice already was. But the more we talk about this issue to the American people, the more the American people start turning against this stuff. I remember two years ago that the Bank of Boston did a poll about free trade for their corporate clients and they found out that 72% of the American people did not want anymore free trade agreements and, if there were going to be more free trade agreements, they wanted labor rights, human rights and environmental rights right in the guts of the agreement. And the Bank of Boston told its corporate clients: "You better dig deep into your pocket and you better start re-educating the American people to the fact that free trade is in their self-interest." More and more, you are seeing that the companies are losing control over the whole debate. I don't see anything written in stone. I think that if this whole movement continues around worker's rights and a living wage and corporate disclosure, I think we can bring a lot of this stuff up for re-negotiation.

Q: Are you encouraged by the fact that so many unions and the AFL leadership came out to criticize the Nike/Reebok/Liz Claiborne agreement on this and attacked the lack of a living wage?

CK: Yes. Not enough, but they did. The AFL-CIO under Sweeney, of course, is a different AFL-CIO. The "New Voices" came in. I've said this a bunch of times. For us it is like night and day. Years ago, if I went into the AFL-CIO, they would throw a net over us and put us into the basement somewhere. I went into the AFL-CIO for the first time after Sweeney was elected and did a press conference with him. In the old days they would have literally locked us up. There is an openness now within the AFL-CIO to work with human rights groups, women's groups, student's groups. There is a willingness now that was never there before. They were inbred. They were terrified of women's groups, coalitions, things like that. So I think we are going to see the good stuff happen more frequently but it takes a long time to take that union structure and turn it around. They haven't been in office that long. I expect things to change considerably.

Q: Last year, the U.S. Congress passed the Bernie Sanders Amendment, banning imports of goods made using child labor. It's amazing that it only happened a year ago. Already some unions, like the Teamsters, have used that to highlight the alleged use of child labor in some Brazilian juice factories. The ILO has made the campaign against child labor a major issue worldwide. It really has gotten an extraordinary amount of attention lately. Do you see that and the Sanders Law as very complementary to what you are doing?

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

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

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

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

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

BOOK REVIEW

From the Ashes of the Old: American Labor and America's Future

Stanley Aronowitz. Boston: Houghton Mifflin Company, 1998. Pp. x+246. $25.00.

reviewed by Vernon Mogensen

Organized labor reached the zenith of its social and political influence during the 1950s and 1960s. Union representation peaked at 35 percent of the work force in 1954 and strikes like the 116-day walkout conducted by the United Steel Workers of America in 1959 could bring production to a virtual halt. The American Federation of Labor and the Congress of Industrial Organizations merged in 1955, creating the prospect of an even stronger labor movement, and both the Kennedy and Johnson administrations listened when labor spoke. Today, unions represent less than 14 percent of the work force, strikebreaking is the norm in many labor disputes, and the AFL-CIO is often overlooked or silent during national debates on social policy. What happened to labor? What is to be done?

Part history and part prescription, *From the Ashes of the Old* is Stanley Aronowitz's timely effort to answer these questions. Once a labor organizer, he is now Distinguished Professor of Sociology at the CUNY Graduate School. Aronowitz traces organized labor's problems back to the post-World War II prosperity that lessened corporate resistance to unions, and sapped labor's organizing energy and political edge. As a result, unions were unprepared for the ensuing era of corporate downsizing, the export of manufacturing jobs to low-wage locales, and the attack on the New Deal social compact. Unions also left themselves open to the charge that they had become just another interest group representing predominantly well-paid, white male workers while the economy and its workforce were becoming more diverse. If labor is to revitalize itself and champion the interests of all working Americans, Aronowitz believes that it must organize the South, the working poor, clerical workers, and professionals and managers.

As the most conservative, poor, racially divided, and staunchly "right-to-work" region of the country, the South has long been organized labor's Achilles' heel. Labor's failure to organize the region is due largely to these formidable obstacles. The textile strike of 1934 and Operation Dixie in 1946 were failures of such magnitude that they still shape many Southerner's suspicions of unions today. Consequently, the South still welcomes employers in search of cheap labor and a union-free environment. Another legacy of labor's failure is that the South's conservative political culture continues to exert a disproportionate effect on national politics; consider Bill Clinton and the southern Republicans who run Congress. However, Southern workers have never lacked for either militancy, or the desire to organize— witness the history of the United Mine Workers of America— and Aronowitz rightly points out that the AFL-CIO must rededicate itself to organizing below the Mason-Dixon line.

Labor has played a central role in fighting poverty by raising the living standards of millions of Americans through collective bargaining, the fight for the eight hour day, and the establishment of the social welfare state. Aronowitz argues that the paradox of rising employment in the 1990s is that labor shortages are restricted to high-skilled job categories, but in Chapter 6 he says that there is an oversupply of professionals. And even fast food and service employers have to pay unskilled workers higher hourly wages today as the unemployment rate edges downward. Still, his larger point is valid: the economic boom of the 1990s has not trickled down in any way that might alleviate the structural problems of inequality. The gap between rich and poor, already the widest of any industrialized nation at the start of the decade, has only gotten wider. The real impact of the unraveling of the social safety net is yet to be felt. What social costs will our society incur when, inevitably, the boom ends? Aronowitz recommends a three-prong strategy for labor: it must fight for an increase in the minimum wage, press employers to create more full- time jobs, and organize the working poor.

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

Knowledge workers, such as professionals and managers, should also be as a prime part of the AFL-CIO's organizing strategy. Aronowitz cites three trends that make organizing them a more likely prospect than in the past: more professionals are becoming salaried employees as the prospect of owning their own practice becomes prohibitive; which in turn has triggered a loss of decisionmaking autonomy as these functions are assumed by supervisors; and the oversupply of professionals gives employers more power over personnel. As contingent work becomes more widespread, unions are organizing teaching adjuncts. Adjuncts at Nassau Community College, for example, formed their own local to represent their interests vis-a-vis full-timers. Organizing knowledge workers is a timely suggestion in light of recent trends in the medical profession. The growing power of HMOs over their salaried doctors has forced increasing numbers of them to join unions to defend their traditional decisionmaking prerogatives. The American Medical Association's recent decision to establish its own union for salaried physicians reflects this new reality. As the definition of who-is-a-worker? evolves, the AFL-CIO needs to coordinate these efforts and find common cause with professional associations.

Aronowitz asserts that organized labor's loyalty to the Democratic Party has not been requited. Clinton's support for NAFTA and his unraveling of the social safety net make it more difficult to distinguish the Democrats from the Republicans. He argues that labor should declare its independence from the Democratic Party and operate more like a social movement. I'm sympathetic to this idea, but here's labor's conundrum. While the independent/third party route may be an attractive alternative in some local elections (here in New York where state election law facilitates third party lines, for example), and provide labor with increased political leverage, the difficulty in breaking through the political barriers to third parties nationwide could weaken labor's political influence. Still, the AFL-CIO should be a more visible and independent voice for working people's issues.

From the Ashes of the Old contains a wealth of useful information and ideas, but too few footnotes for those want to pursue matters in further detail. The inquisitive reader will also be frustrated by the lack of a bibliography. Nevertheless, I highly recommend it to all who seek assistance in putting the New York metropolitan area's labor and political trends in national and global perspective. It is an insightful guide for those who want to take stock of where organized labor's been, the problems it presently faces, and the challenges it will confront in the next century.

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