In Critical Solidarity

Newsletter of the American Sociological Association's Section on Labor and Labor Movements

Volume 9, Number 1 *May Day* **2009**

SPECIAL ISSUE:
LABOR AND THE CRISIS

In this Issue

The Economic Crisis and the Working Class

Dean Baker

The employment rate for men is now 68.2 percent, far lower than at any other point in the post-war era.

The unemployment rate jumped to 8.5 percent in March as the economy shed another 663,000 jobs according to the Bureau of Labor Statistics. With the job loss reported for March, and upward revisions of 84,000 for the prior two months, the economy has lost an average of 684,000 jobs per month since November 2008.

The job losses continue to be heavily concentrated in construction and manufacturing, which lost 126,000 jobs and 161,000 jobs in March, respectively. The job losses in construction were widely spread across sectors as the non-residential sector is now losing jobs even more rapidly than the residential sector. Construction employment has fallen by 1,264,000 since its peak in 2007, according to the establishment survey. The household survey shows a decline in construction employment of 2.3 million jobs, accounting for close to 40 percent of the drop in employment during the downturn. The difference is likely explained by undocumented workers who don't show up on payrolls.

The disproportionate job loss in construction and manufacturing is reflected in the sharp gap that has opened up between the unemployment rates for men and women. In March, the unemployment rate for men jumped by 0.7 percentage points to 8.8 percent. It is now 1.8 percentage points above the 7.0 percent unemployment rate for women. A year ago, the unemployment rates for men and women were an almost identical 4.6 percent and 4.5 percent, respectively. The employment rate for men is now 68.2 percent, far lower than at any other point in the post-war era. In the 1981-82 recession, it bottomed out at 70.5 percent.

While the most disadvantaged groups are feeling the effects of the downturn the hardest – the unemployment rate for African Americans is now 13.3 percent, which is also the rate for people without high school degrees – this recession is hitting everyone. The unemployment rate for workers with college degrees rose by 0.2 percentage points to 4.3 percent in March, almost a full percentage point above the peak for college grads in the last two recessions. While this rate is still just half of the overall average, it is double the 2.1 percent unemployment rate faced by college grads just a year ago. In other words, a college graduate is more than twice as likely to face unemployment today than a year ago.

Much of the impact of the downturn continues to be felt in shorter hours. The number of people involuntarily working part-time rose by another 400,000. Since the beginning of the downturn, this number has risen by 5.4 million workers. The reduction in hours is also reflected in the aggregate weekly hours series in the establishment data. This index dropped by 1.0 percent in March. It is down by 6.4 percent since the downturn began, the equivalent of the loss of 8.8 million jobs with no reduction in hours.

There is little basis for any real optimism in this report, as job losses continue to spread across sectors with the rate of decline accelerating almost everywhere. The financial service sector lost 43,000 jobs in March. Trucking lost 14,900 jobs, bringing job losses since October to 74,500 or 5.4 percent of employment in the sector. Retail trade lost 47,800 jobs.

Jobs in employment services fell by 88,400 in March, roughly the same rate of job loss in the prior two months. This sector has shed 905,000 jobs since the beginning of the downturn. State and local employment fell by 12,000 in March, a number that would have been worse without the stimulus package. Even the health care sector is weakening, adding just 13,500 jobs, compared with a 35,000 monthly average over the last year.

The employment diffusion indexes (showing the percentage of industries where employers expect to add workers over various time periods) are all at or near their lowest levels since the series began in 1994. Many analysts had seized on the fact that several February data reports were somewhat better than the January reports as evidence of an incipient economic turnaround. The improvement was almost certainly due to unusually bad weather in January depressing activity. This report shows the economy continues to sink rapidly with little hope of any improvement in the immediate future.

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Jobs Report Offers No Sign of Light at End of Tunnel

Heidi Shierholz
with research assistance from Kathryn Edwards / Economic Policy Institute

The employment-to-population ratio has declined 3.5 percentage points to its current level of 59.9 percent—the steepest decline during any recession since the Great Depression.

The addition of 694,000 workers to the jobless rolls in March means that there are now 13.1 million unemployed workers in this country – 5.6 million more than at the start of the recession. That number, large as it is, actually understates labor market slack because it only counts jobless workers as being part of the labor force only if they are actively seeking work. Since October, the number of workers in the labor force has declined by 830,000. This trend suggests that the official unemployment rate is currently understating labor market weakness, at least to the extent that workers have dropped out of (or never entered) the labor force because they felt they would not be able to secure meaningful work given current labor market conditions. If those missing workers were counted as unemployed, the March unemployment rate would have been 9.0 percent.

The *employment-to-population ratio* – simply the percent of the working-age population that is employed – is an important measure to track during periods of changing labor force participation, since it sidesteps the labor force issue altogether. In December 2006, 63.4 percent of the working-age population was employed, its pre-recession peak. Since then, the employment-to-population ratio has declined 3.5 percentage points to its current level of 59.9 percent—the steepest decline during any recession since the Great Depression, exceeding the declines of 3.0 and 3.1 percentage points, respectively, for the periods from 1979 to 1983 and from 1953 to 1954. The chart below shows the employment-to-population ratio over the last 50 years. It should be noted that the employment rates of workers aged 55 and over have remained essentially flat during the current downturn, so the entire decline in the employment-to-population ratio has come from workers aged 16-54 (and not older workers retiring).

The underemployment rate (sometimes referred to as the U-6 measure of labor underutilitzation) is also a more comprehensive measure of labor market slack than the unemployment rate. The primary difference between the unemployment and underemployment rates is that the latter includes people working part time who want full-time jobs. This measure increased sharply from 14.8 percent in February to 15.6 percent in March. Now an estimated 24.4 million people – one in every six workers in this country – is either unemployed or underemployed. The number of involuntary part-time workers increased by 423,000 in March and by 4.4 million since the start of the recession.

Long-term unemployment (measured as the percent of the unemployed who have been jobless for six months or more) increased in March to 24.2 percent, so that currently nearly one out of four unemployed workers has been out of a job for at least half a year. This figure is unsurprising given that there are currently about four unemployed workers for every job opening, making it very difficult for unemployed workers to find a job.

The index of aggregate weekly hours measures the total number of hours worked in the economy. Total hours is a more comprehensive measure than employment that captures both job loss and reductions in hours for workers who keep their jobs. This index is falling at a stunning pace, evidence of the extent of the economy's contraction. It fell at an annual rate of 11.2 percent in March, and at an annual rate of 9.0 percent over the last six months.

Nominal (i.e., not inflation adjusted) hourly wages have risen at a rate of 3.4 percent over the last year, meaning that with price indices showing minimal growth, workers who remain employed are experiencing real wage increases. However, for a few reasons, the wage situation is likely less rosy than this number suggests. First, nominal hourly wage growth is slowing – over the last three months it has grown at an annual rate of 2.2 percent. Second, to the extent that lower-wage workers are facing disproportionate job loss, increases in average wages may reflect the fact that there are relatively fewer low-wage workers, rather than actual wage gains. Finally, due to reductions in hours, weekly paychecks are growing more slowly than hourly wages, at a rate of 1.5 percent over the last year and 1.0 percent over the last three months. In March, nominal weekly paychecks saw their first decline of the recession, dropping a 0.1 percent.

The March employment report offers no hint of light at the end of the tunnel; instead, it shows that the labor market is still deteriorating quickly. While the February stimulus package will very likely achieve its original goal of creating or preserving between three and four million jobs, the labor market is already seven million jobs below where it needs to be. Considerable additional stimulus will be needed to keep the unemployment rate from reaching double digits by the end of the year.

* Thanks to Brad Delong for inspiring this plot. See http://delong.typepad.com/sdj/2009/03/worst-downturn-since-the-great-depression.html.

This report originally appeared at the Economic Policy Institute website, http://www.epi.org/publications/entry/jobspicture20090403/ on April 3, 2009.

The Two-Headed Specter of Offshoring, and Other Reflections on the Recession

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The specter of offshoring haunts the American psyche, and has for some time now. In times good (and now bad), the idea of shipping jobs off to some foreign land generates anger, concern, and despair among Americans. Upon closer inspection, however, it turns out that this specter is a two-headed beast. On one hand, you have the outsourcing to foreign locales of such tangible tasks as the assembly of automobiles or the forging of steel. While it has been an economically profitable strategy for firms for some time now, the elimination of manufacturing jobs remains a politically contentious topic. Conservative commentators lament that U.S. companies are behaving unpatriotically and subjecting American workers to unfair competition. Progressives protest that new subcontracting arrangements lead to the exploitation of workers in the sweatshops of the global south. This confluence of contestations seemingly coalesced in president Obama's stimulus bill, in the shape of the protectionist "Buy American" provision specifying that any new infrastructure projects use only steel, iron, and other goods manufactured in the United States.

But if the first head of the offshoring specter has generated heat, not so much the second, that of the outsourcing of myriad "intangible" goods. Service offshoring, which goes by the moniker BPO, short for business process outsourcing, invokes a comparatively quiet sense of resignation. First off, it is effectively invisible. Services outsourced return to the U.S. not aboard ocean liners and in huge cargo containers, but through fiber optic data cable buried beneath the ocean's floor.

Secondly, BPO is considered unstoppable, insofar as computer-mediated forms of exchange are much more difficult to track, tax, and monitor. And third, the offshoring of services is viewed as less problematic socially and morally. This may reflect gendered and classed assumptions concerning the occupations affected. We chafe at the thought of the noble (male) factory worker losing his job to an impoverished worker in a sweatshop of the global south. But a different reaction is invoked when we imagine the paradigmatic BPO industry: call centers. Telephone operators have historically been a low-status, non-union, and feminized occupation in the U.S., and thus the loss of such jobs has been much less mourned. And on the flip side, the plight of an Indian call center worker doesn't generate as much sympathy; we commonly assume that such employment can represent a step out of dire poverty. The protagonist of the Oscar-winning film *Slumdog Millionaire*, for instance, escapes from a life of scavenging on trash heaps and begging on the streets by getting a job in a call center (from which he successfully dials into the Indian edition of the hit game show *Who Wants to be a Millionaire*).

Regardless of their differences, the twin heads of offshoring – the one centered on manufacturing goods, the other on services – rear themselves in times good and bad. That both forms have been on the increase for the past decade is an established fact; how each will fare in the recession is not. Because of their differences, it is essential that we consider each separately.

The story for manufacturing seems simple enough. It's hard to imagine any scenario in which a global slowdown of economic activity and an associated profit squeeze will not increase pressures upon firms to outsource U.S. production to jurisdictions with lower labor costs. The recession, in short, will merely step on the outsourcing accelerator. Nor should we put much credence in attempts by the government to halt, let alone slow, this process. As Robert Reich has argued, attempts to halt outsourcing by steering stimulus funds to only American firms represents a species of thought best labeled vestigial. As foreign firms such as Honda and Toyota set up factories in the U.S., and as the Big Three automakers shift production to Latin America, eastern Europe, and Asia, we can no longer simply equate American companies with American jobs.

The story for service outsourcing is more complex and harder to predict. Some argue that, as with manufacturing, a prolonged global recession could actually bolster the BPO trend. One of the few constraints upon transferring service and professional jobs from the U.S. to oversees locales is the perception that the quality of the services will suffer. Over the past several years, for instance, several large firms (such as Dell

Computers) have cancelled contracts with Indian call centers because of complaints from customers concerning the quality of service and technical assistance they were receiving. However, a business slowdown may force firms to prioritize short-term cost-savings over long-standing concerns about quality associated with transferring key organizational functions to offshore facilities. On the other hand, if the recession persists, and especially if it transforms into a prolonged global depression, it is hard to see how the BPO (or any) industry would benefit. As spending slows in the United States and Europe, consumers are less likely to call a customer service number to place orders or to request assistance with a recently purchased item. Firms will pull back investment in research and development, thus slowing growth even in the upper end of the BPO sector (that is, among skilled and professional jobs). Meanwhile, growth in the United State’s unemployment rate should increase the size of the available labor pool for low-skilled white-collar work, thus reducing wages and limiting one of the main rationales for outsourcing such work in the first place: lower costs.

In sum, it is essential that sociologists and labor scholars peer beneath the often inflated public rhetoric over offshoring that characterizes debate in the United States. It is not a single, unitary phenomenon, but one whose form and effects differ dramatically depending on whether the jobs under consideration entail working with material goods or intangible services. If the global financial downturn persists, we should see a continuation of offshoring, especially in the manufacturing sector. Thus, somewhat paradoxically, the same economic crisis that stimulates nationalist political sentiments may simultaneously speed up the social division of labor on a global scale.

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Lessons from the Big Auto Bailout

Big finance counts, labor rights don't

Roger Bybee

The reflexively anti-union, low-wage philosophy of rightist Republicans was spelled out clearly in a December 10 Action Alert sent to GOP senators on the proposed bailout of the U.S.-based auto firms: "Republicans should stand firm and take their first shot against organized labor." Clearly, despite harsh criticism of the Big 3 CEOs voiced by members of the Senate and the House, the ultimate target was the United Auto Workers and, more broadly, working people's economic and political gains won through unionization. The Republicans' fusillade was also launched in part by self-interested senators to promote the cause of Southern-sited Japanese and German auto "transplants" - foreign-owned firms located in the Southern U.S. But their relentless barrage was principally aimed at decimating the UAW whose members and retirees would inevitably be making the most painful sacrifices of any party in the bailout.

Most outrageously, the Bush administration inserted into its long-delayed $25 billion bailout package an outright ban on the right to strikes by the UAW at GM and Chrysler. Laura Flanders in her *Nation* blog (1/26/09) reports: "The Bush administration's auto bailout called for a reduction in hourly wages and an end to the UAW's 'jobs bank,' which provides assistance to workers on furlough. And that was only the beginning. Deep in the details, General Motors and Chrysler, as part of the loan deal, agreed to accept a ban on strikes. If their workers go on strike both would be in default of their loans and could be forced into bankruptcy."

Of course, the Big 3 provided an easy bullseye with their failure to develop fuel-efficient vehicles, the squandering of vast profits in the 1990s generated by SUV sales, and their resistance to mileage standards. But the industry's crisis was often associated with the UAW, as if the U.S. workers—unlike their counterparts in Germany and elsewhere—had any role in management decisions. Clearly, any punishments imposed on the top executives will barely be noticed. They are so well-insulated in wealth that, for example, reducing GM CEO Rick Waggoner's salary from $15 million to $1 per year will not lead to his home being foreclosed or his children being unable to afford college.

Hypocrisy On Steroids

The Republicans' stance was remarkable in their consistent hypocrisy on key matters of principle. Conservatives managed to swallow much-denounced government intervention to save the financial services industry fairly easily, with right-wing commentator Charles Krauthammer coming up with the most ingenious rationale to the bail out of big finance - "it's kind of a utility." The bailout of the financial industry by the federal government passed with considerable Republican support and little concern over the failed and sometimes fraudulent fruits of financial deregulation that had produced the Wall Street meltdown.

Not only were these opponents of the auto bailout supportive of the Wall Street bailout, but they have supported vast injections of government subsidies into the foreign-owned firms operating in their states. For example, Senator Richard Shelby (R-AL) strenuously opposed any aid to the U.S. automakers despite the three million jobs at stake, as estimated by the Economic Policy Institute. He suggested that the Big 3 be allowed to go under, with the slack picked up by foreign-owned transplants like those who dot his state. "Companies fail every day and others take their place," declared Shelby. "There's not a bank in the country that would loan a dollar to these companies."

But when it comes to the non-union auto plants in his home state, Shelby would do more than "loan a dollar" to them; he has favored enormous subsidies to insure their success. Most infamously, when German-based Daimler received about $250 million from Alabama, the subsidy for luxury car production was so generous it nearly caused a raid on the state's fund for education, where the state has disastrously lagged for decades. Honda and Hyundai each also hauled in $250 million from Alabama taxpayers. Other senators involved include:

- Republican Senator Mitch McConnell (R-KY) was outspoken in his opposition to support for the U.S. auto industry: "Government help is not the only option. It's not even the best option." McConnell, however, is not on record as opposing the $371 million in Kentucky state subsidies to Toyota since 1986.
- Senator Thad Cochrane (R-MS) complained that foreign-owned auto firms would be unfairly shut out of the bailout, neglecting to mention that his state provided $650 million to Toyota and Nissan.
- Senator Jim DeMint (R-SC) flatly pronounced, "Government should not be in the auto industry." Except, apparently, when his impoverished state scrapes together $230 million to subsidize luxury carmaker BMW.

By trying to deny government aid that would sustain GM and Chrysler, the Southern Republicans ignored the needs of their constituents. If GM, for example, went out of business, Kentucky, Alabama, Georgia, and Tennessee would all lose 20,000 to 29,400 jobs each, according to Economic Policy Institute estimates.

The GOP senators remained unmoved even when Vice President Dick Cheney warned them that allowing the auto industry to become extinct would make the Republicans "the party of Herbert Hoover" forever. After the House passed a compromise $14 billion "bridge loan," Republican senators blocked passage in the Senate but somehow managed to persuade MSNBC and the *Washington Times* to incorrectly report that "the UAW blew up the deal." Eventually, the GOP senators' intransigence forced President Bush to initiate the rescue plan which placed onerous conditions on the UAW.

United Steelworkers President Leo Gerard neatly punctured the double standard: "When those Toyota Republicans voted in favor of providing $700 billion for Wall Street—including both of Tennessee's senators, Bob Corker and Lamar Alexander; Kentucky's Mitch McConnell; Georgia's Saxby Chambliss and Johnny Isakson; South Carolina's Lindsey Graham; and Texas' Kay Bailey Hutchinson and John Cornyn—none asked for high-paid white collar workers to take pay cuts or give up their million dollar bonuses.... There was a feeble attempt to limit the pay of chief executives, but that applied only to firms that received federal money under one particular method, and the treasury decided not to hand out the $700 billion that way."

Normally, conservatives are deeply committed to the sanctity of private contracts. But not so in the case of contracts between the UAW and the Big 3. Before agreeing to any assistance to the auto industry, Senate Republicans like Bob Corker of Tennessee demanded that the UAW accept massive concessions in its contracts with the auto industry by a specific date, with the auto firms and their parts suppliers spared from this condition.

Big 3 Demotion, Finance Promotion

The Republicans' position reflected in equal parts their indifference to reality and their visceral hatred for unions. First, as part of their strategy to keep their plants non-union, the German, Japanese, and Korean plants have kept their wages fairly close to the levels in UAW plants in order to reduce the incentive to unionize. Pay under UAW contracts averages $27 to $29 an hour in the Big 3, with workers annually earning about $56,000 to $60,000, hardly a huge sum considering the demanding nature and intense pace of assembly-line work. In the transplants, the average wage is not significantly smaller, generally around $24 to $26, according to data from the Center for Automotive Research. Undoubtedly, many Republicans imagined a much larger differential. (Some recently-built transplants, like Honda's factory in Greensburg, Indiana pay $15 an hour.)

Substantial differences in health and retirement benefits, however, do exist between the UAW-organized auto plants and the non-union transplants. Over the past eight decades, the UAW often negotiated for better health care and retirement benefits instead of higher wages, a sacrifice rarely noted by the major media. Health and pension benefits for active workers add approximately another $10 per hour. Moreover, the total benefit costs borne by the Big 3 reflects that they are each a century old and have hundreds of thousands of retired workers and surviving spouses. In contrast, Toyota has less than 1,000 U.S. retirees.

The call for up-front sacrifices from the UAW ignored the truly massive concessions the union granted in its 2007 contracts. The union agreed to a new second-tier wage of just $14 an hour for new workers. The union accepted a new round of plant closings so that GM will have eliminated 85 percent of its blue-collar production jobs since 1990. Finally, the union agreed to a new system of Voluntary Employment Benefit Associations (VEBAs) under which the union takes over management of money set aside for future retired employee benefits, taking a major burden off the auto companies' books and assuming a risk-fraught new responsibility (see Jack Rasmus, *Z*, December, 2007).

The auto bailout debate raises a set of critical issues that have rarely been touched upon by the mainstream media. On the one hand, the current and former CEOs of Goldman Sachs, AIG, Bank of America, and other recipients of the original $700 billion TARP bailout were never hauled before any congressional committee to be lectured on their past chicanery and forced to pledge to immediately rectify their past sins by forswearing excess pay and bonuses and immediately lend out the government largesse to revive the flat-lining economy. On the other, with a much smaller sum of $25 billion on the line, the CEOs of the Big 3 auto firms were castigated for their disastrous strategic mistakes and virtually ordered to impose the policies of non-union foreign-owned auto "transplants" operating in the U.S. in place of current contracts with the UAW.

The demotion of the Big 3 in the eyes of public officials is nothing less than breathtaking for anyone alive over the past half-century. In particular, GM was regarded as so central to the economic health of the U.S. that when Treasury Secretary Charlie Wilson declared in 1954, "What's good for GM is good for the country," there was a shock of recognition about government policy but little real dissent.

The U.S. economy has profoundly shifted its center of gravity over the past 50 years. The financial services sector now far outweighs all domestic manufacturing in both economic and political significance. The financial sector produced $313 billion in profits in 2003, compared with just $119 billion for manufacturing, as economist William Tabb (*Z*, 6/08) has pointed out. Where the financial sector accounted for less than 2 percent of total domestic corporate profits in the mid-1950s, it now provides about 40 percent of all domestic corporate profits. Tabb aptly describes the seeming "magical" process behind the expansion of the financial sector: "Money could be made solely out of money, without the intervention of actual production. The new secret was presumed to be leverage and risk management, which allowed the purchase of assets that promised higher returns even if they carried a higher risk.

"This was both an economic and political development, as the financial sector gained leverage over the rest of the economy, in effect gaining the power to dictate priorities to debtors, vulnerable corporations, and governments," noted Tabb. "As its power grew, it could demand greater deregulation, allowing it to grow still further and endangering the stability of the larger financial system."

That moment was reached in mid-September, when the financial industry concentrated on Wall Street could no longer pull an endless stream of rabbits from its hat. The meltdown ignited a widespread call for tighter regulation, but the most important public-policy response was the $700 billon bailout.

The momentous shift in political influence from traditional manufacturers to financial services is suggested by the vast disproportion in campaign contributions from 1990 to 2008: where auto manufacturers (including the foreign-based firms) contributed just over $20 million to federal candidates, the financial, insurance, and real estate sector gave nearly $2.2 billion.

Along with shifting investment from real production to the paper profits of finance, U.S. corporations increasingly globalized their production. Over the past two decades, U.S. firms have increasingly exploited low-wage, high-repression conditions in China, Mexico, Central America, and Indonesia. All three major U.S. auto firms followed this trend. For example, during the 1980s and 1990s, GM increasingly seceded from the U.S., with shattering results for communities like Flint, Michigan, as unforgettably depicted in Michael Moore's film *Roger and Me*. GM and its subsidiaries became the numero uno private employer in low-wage Mexico. In recent years, GM has tripled its capacity in China, far beyond what the Chinese market can absorb.

GM, along with Ford and Chrysler, enjoyed a massive boom in the 1990s from the sale of high-profit SUVs while gasoline prices were low. But rather than reinvesting a substantial share of the profits to fully pursue the electric car experiment and developing other fuel-efficient alternatives to gas-guzzling vehicles, GM and the others squandered an estimated $10 billion on executive bonuses and stock dividends. Meanwhile, GM joined the shift toward financial services, focusing more effort on pumping up the profits from GMAC, its auto-financing arm, than on designing attractive, efficient cars.

Disproportional Racial Effects

The "realistic" approach to helping the domestic auto industry recover—virtually the only strategy receiving serious attention in the media or in congressional debates—assumes that it must continue to close plants, displace workers, and shut down dealerships. The shrinkage of domestic producers will presumably leave a larger market niche for foreign-based transplants.

But a largely-ignored implication is the displacement of African-American production workers now employed by the Big 3, largely in northern industrial cities, by overwhelmingly white employees selected by the management of the "transplants." The African-American membership of the United Auto Workers in the Big 3 is estimated at roughly 25 to 30 percent, while anecdotal evidence about the transplants suggests a much more miniscule percentage. Curiously, the editorially-conservative *Wall Street Journal* alone has shown persistent interest in this trend in its news coverage since the late 1980s.

Admittedly, it is difficult to accumulate aggregate figures on the racial composition of the workforces in the approximately 35 auto transplants. Thus far, I have been unable to find any source that either compiles such figures or is willing to disclose them. For example, Honda and the state of Indiana Economic Development Commission both refused to provide figures to this writer on the racial makeup of a new plant in Greensburg, Indiana. Indiana legislators were also refused access to the data.

However, Honda's hiring policy for the Greensburg plant was widely publicized: the firm established a "hiring zone" of some 20 counties, of which 19 had a combined 4 percent African American population. The 20th county included Indianapolis, about 27 percent black. Although Honda received some $90 million in subsidies from taxpayers all over the state, most taxpayers were declared geographically ineligible to apply for work at Honda. The hiring boundaries excluded areas with large numbers of laid-off, experienced autoworkers including substantial numbers of African-American UAW members.

The apparent motive for Honda's hiring strategy is to avoid unionization by avoiding the hiring of any significant number of African-American workers. "The data on unions is generally that blacks are more likely to join a union if they are able, and blacks, Latinos, and women are less anti-union than rural white workers," points out University of Indiana Labor Studies professor Ruth Needleman. "In general, when companies go to such rural locations, they do so to avoid people with union experience. At the same time, it is a way to avoid hiring blacks."

This pattern of hiring is especially evident in rural Indiana, where the Ku Klux Klan enrolled a massive membership in the post-WW I era. "The fact is that African-Americans do not live in rural Indiana, but the Klan does," says Needleman.

Honda employed a similar "hiring zone" strategy for its plant in Marysville, Ohio in the 1980s, but the racial impact of the plan was so transparent that even the Reagan-appointed Equal Employment Opportunity Commission was compelled to act. Honda entirely excluded the city of Columbus, which was the only community with any significant number of African-Americans. The EEOC imposed an unusually harsh settlement of $6 million on Honda in 1988.

Again, it should be stressed that broader statistical information is unavailable, but the available evidence suggests that while the Big 3 provided a rare stepping-stone to the middle class for large numbers of African-American workers in the UAW who performed difficult assembly-line work, many fewer blacks are welcome in the transplants."

Myth of the $73 an Hour Wage

The Big 3 bailout debate offered a classic fundamental test for the news media on its ability to portray the issue of economic justice. The result was shockingly atrocious: a perversely-distorted picture of the auto industry's power relations, economics, and worker wages was repeatedly conveyed by many of the media's most respected and "liberal" commentators and outlets.

As noted above, the fact that foreign-based auto firms were also facing an extremely severe sales slump in the U.S. was rarely mentioned as the immediate context of the Big 3's crisis. (Actually, Ford is in relatively sound shape compared to GM and Chrysler.) The blame for the domestic industry's desperate condition was repeatedly laid exclusively at the companies' and UAW's doorsteps, with little mention of the overall economic crisis afflicting the entire economy during the final year of Bush's regime of deregulation and upward redistribution of wealth.

Second, while autoworkers' wages and benefits account for less than 10 percent of a U.S. automobile's sticker price, the UAW was incessantly portrayed as digging its own grave with "wages of $70 an hour," with some commentators using an even higher figure.

The deceptive figure of $70 per hour was derived from compiling the total personnel costs of both current and past employees and their surviving spouses, and then dividing by the number of current workers.

"At GM, as of 2007, the average worker was paid about $70 an hour, including health care and pension costs," Andrew Sorkin of the *New York Times* reported in a November 17 column. The same specious figure was amplified in a *Times* news article (12/1/08): "Some critics have taken aim at the automakers hourly labor costs, which average more than $70 for senior workers, including the wages and the value of benefits like pensions and health costs. Those costs run close to $46 an hour at union plants like Toyota's factory in Georgetown, Kentucky, and are even less at newer plants farther South, where foreign automakers have pegged wages closer to local rates."

With stunningly twisted logic, the *New York Times's* Adam Bryant (11/30/08) conceded that the UAW had provided an immense economic uplift for working people, but suggested that the "outdated" protections it had won should now be surrendered because of the general economic crisis. In other words, when battered by a major hurricane, give up your only source of shelter: "The United Auto Workers did help lift millions into middle-class lives and those gains are being lost as the union's membership shrinks. But the protections and benefits its workers enjoy seem outdated when so many industries are laying off tens of thousands of workers."

With "verification" by the "liberal" *New York Times*, the mythical figure of $70 an hour soon spread across the media spectrum. Among those citing the $70 wage were self-styled "working class guy" Chris Matthews of "Hardball" on MSNBC and the supposedly authoritative Wolf Blitzer of CNN, "the most trusted name in news." Blitzer pronounced on December 3, "A union worker makes $73 an hour, on average, when you factor in all the benefits, compared to $48 an hour for nonunion autoworkers here in the United

States." Predictably, reactionaries like columnist George Will, the Heritage Foundation's James Gattuso, NPR's Juan Williams, and the Fox News crew echoed this same line. Only on the MSNBC shows hosted by staunch liberals Keith Olbermann and Rachel Maddow did the actual figures emerge with any visibility, although AP ran a story with similar, accurate figures.

The spectacularly ill-informed media debate on auto wages reflects the general inclinations of mainstream media reporters and editors on class-based economic issues. While conservatives ferociously crusade against "the liberal news media," polling data indicates that any liberalism is largely confined to social issues such as racial discrimination and sex roles. As Professor David Croteau of Virginia Commonwealth found in his 1998 survey of 444 Washington journalists, the media community is far to the right of the general public on economic issues. Where 65 percent of journalists believed that the impact of the North American Free Trade Agreement was positive, only 32 percent of the public shared that belief. While just 24 percent of journalists "strongly agreed" that "too much power is hands of corporations, 62 percent of the general public concurred with that position.

The appalling coverage of the UAW reflects the massive distance of most mainstream journalists from the realities of working class life, to the point that commentators and reporters would imagine that auto workers typically bring home $150,000 a year.

Thinking Small

Thus far, the Big 3 bailout debate has been premised on plans for shrinking GM and Chrysler even further, despite the initial injection of $25 billion. The theory is that the auto firms will have to adjust to a substantially smaller market share, so that means lower pay, fewer workers, and plant closings. In the big picture, the conventional wisdom calls for the economic equivalent of the neutron bomb: the auto firms as institutions will be left standing, but the people will be pretty much vaporized. So this is what the public gets in return for its big investment?

GM has already shed 85 percent of its blue collar workforce. Will the bailout bring back any of the jobs in China or Mexico where the Big 3 are now producing cars for the U.S. market or are those jobs gone for good? Will tens of billions more be spent on the auto bailout after the first $25 billion outlay?

Rob Weissman argued persuasively in the *Huffington Post* (12/2/08) that some serious consideration ought to be given to nationalizing the Big 3 to insure future billions are well spent and, at the very least, the public's stake in a healthy domestic auto/transportation industry be underscored. The purchase price would be low: "General Motors now has a market capitalization of $2.8 billion" and "Ford's market value is $6.1 billion," he points out. "The biggest advantage of buying the companies is that it would enable the public to exert control over the companies commensurate with its investment.... There would be no need to negotiate with management, or carefully monitor managerial actions, to review 9-point plans for viability, or create incentives to have them invest in fuel-efficient technology. It would make it possible to undertake long-term, transformative investments in R&D and new transportation technologies, irrespective of today's oil price."

Weissman concedes that nationalization would also bring many complex problems. But this is a policy option that deserves serious evaluation if the public is to wind up with more than mere vestiges of a domestic auto industry in exchange for tens of billions of dollars.

However, regardless of whether the government or management holds formal control, the bailout can be conditioned to maximize the return to the U.S. public. Why not take the opportunity of the current economic crisis to address two problems at once: the shortage of good jobs in the U.S. and the threat to the environment caused by inefficient auto engines and resulting greenhouse gases?

Why not re-frame the debate over the auto industry into a discussion on the need for an entirely new transportation industry and policy direction? Now-shuttered Big 3 plants could be re-opened and not only produce more fuel-efficient cars, but also buses and light-rail cars.

For these path-breaking shifts in the domestic auto industry to get off the ground, government at all levels must also fundamentally alter its commitment to cars, trucks, and freeways as the core of its carbon-based transportation system. While freeways need repair, America also needs new urban rail systems and a revitalized, expanding national rail system. For a new transportation-equipment industry to arise where the Big 3 once stood, public officials must end their dependence on road-builders and other powerful interests and provide an assured market for mass-transit equipment.

From the Obama administration on down, the eagerness to launch new "shovel-ready" infrastructure projects must be tempered by long-term planning to create an entirely new transportation grid that is fast, efficient, inexpensive, appealing (in contrast to Amtrak), and environmentally friendly. At this moment, we have the chance to both save a critical industry and generate hundreds of thousands of new jobs in now-devastated U.S. industrial communities while producing a cleaner environment. Why settle for having a mere shell of an auto industry when we can actually start to solve two huge problems?

Roger Bybee is a freelance journalist who covered the auto industry during his 14 years of editing the Racine Labor Weekly *serving UAW members. One of his grandfathers spent 33 years as an auto worker and UAW member. This article originally appeared in* Z Magazine *(April 2009).*

Jump in Public Sector Unionization

Overall Rate Rises Again in 2008

Ben Zipperer

Union membership increased significantly in 2008, according to the Bureau of Labor Statistics (BLS) annual union membership report released today. The unionized share of the U.S. workforce climbed to 12.4 percent last year from 12.1 percent in 2007, an addition to union rolls of more than 420,000 members.

While the gains were broadly shared across demographic lines and occupations, growth was strongest in the public sector, among Hispanics, and in Western states, driving the largest membership increase in more than a quarter of a century.

The bulk of the overall membership rise in 2008 originated in public sector unions, which added members faster than government employment expanded. Public sector unionization last year grew to 36.8 percent from 35.9 percent in 2007. This increase of about 275,000 members came largely through gains in local and state government, where unionization in 2008 reached 42.2 percent and 31.6 percent, respectively.

While overall employment in the private sector shrank in 2008, few major industries or occupations saw unionization rates decline. Small drops in unionization in financial and business services and in mining were more than offset by membership gains in education, health, and hospitality services. As a result, private-sector unionization rose from 7.5 percent in 2007 to 7.6 percent in 2008.

Since the late 1970s, unions have consistently represented more than one-third of the public-sector workforce, but over the same period private-sector union membership has been falling sharply: about one-in-five private sector workers were union members in the late 1970s, compared to about one-in-thirteen in 2008. Organizing drives can be difficult in the private sector, where employers may often fire workers without cause. Through employment contracts and legislation, public-sector employees typically have greater protection against dismissals.

Union membership in manufacturing remained essentially unchanged at 11.4 percent in 2008, compared to 11.3 percent in 2007. Once considered the bulwark of the labor movement, manufacturing workers are now less likely than workers in the rest of the economy to be union members. A "union job" in the private sector today is most likely to be in transportation and utilities (22.2 percent) or telecommunications (19.3 percent).

Although the union membership rate among construction workers rose to 15.6 percent from 13.9 percent in 2007, the rise primarily reflects the industry's massive contraction over 2008. As the housing crisis elicited sharp declines in the largely non-unionized residential construction sector, the level of union membership within the overall construction industry remained the same, at about 1.2 million workers.

More than 120,000 Hispanics became union members in 2008, with their membership rate rising to 10.6 percent from 9.8 percent in 2007. Membership among African-Americans increased from 14.3 percent to 14.5 percent. Among whites, unionization rose from 11.8 percent to 12.2 percent. The overall female and male membership rates rose by less than half a percentage point each, to 11.4 percent and 13.4 percent, respectively.

Unionization also increased in Mid-Western states, from 13.8 percent to 14.3 percent, yet failed to match the rapid pace of expansion in the West, where unionization grew from 14.7 percent to 15.7 percent. Since 2006, unionization has surged in Western states. California alone added about 266,000 union members last year, raising its unionization rate to 18.4 percent from 16.7 percent in 2007. Over the last three years, union membership in the South has remained at 5.9 percent, less than half of the national average.

In 2008, union employment successfully weathered the beginnings of what may be the most severe recession in the post-World War II period. Compared to the historical trend of U.S. union membership, even in times of labor market strength, the membership gains in 2008 stand out. The statistically significant rise from 12.1 to 12.4 percent, approaching nearly half a million members, is the largest on record since 1983, the first year for which comparable data are available. Except for last year's increase and a small uptick in 2007, union membership has otherwise fallen or stagnated annually from 20.1 percent in 1983.

Ben Zipperer is a senior research associate of the Center for Economic and Policy Research in Washington, D.C. CEPR's Union Membership Byte is published annually upon release of the Bureau of Labor Statistics Union Membership report. Data for years before 2007 and regional calculations are from the author's analysis of Current Population Survey data. For more information or to subscribe by email, contact CEPR at 202-293-5380 ext. 102, or email warner@cepr.net.

Special Report:

Demanding Rights, Withholding Peace: The Colombian Sugarcane Workers Strike

Louis Edgar Esparza
Stony Brook University

A dozen or so sugarcane workers in a rural Colombian community find shelter from the sweltering sun in the small office of their cooperative. They speak in whispers, leaving the shades open so as not to attract too much attention from neighbors. They arrange plastic lawn chairs into a circle and place the easel near the back of the room. The door is open and they are nervous.

I had arrived in Cali (the third largest city in Colombia) the night before from Bogota, escorted by three human rights lawyers, two of whom work for the socialist Senator, Alexander Lopez Maya. We added two others to our group there and in the morning, continued on to where the workers were gathered. We pulled up in our small Renault and a couple of workers came out to greet us. They were familiar with the two human rights workers from Cali, who have been working in this area and accompanying the workers for close to a year.

Workers having a light moment on the plantation during the strike.

The workers were planning an industry-wide sugarcane cutters strike, or as they like to call it, a "cessation of activities". They were protesting their low wages and poor health benefits so that, as they say, they can "send their kids to school and pay the rent too". The sugarcane industry has been putting downward pressure on labor costs to compete in the globalizing market, with explosive consequences.

The sugarcane industry in Colombia has been a major economic force in the country for over 30 years. Along with coffee and emeralds, sugar is among the top exports—legal exports, that is—that Colombia has to offer. The industry employs about 20,000 people on Colombia's Pacific coast, dominating much of the region's agricultural economy and rural landscape.

Workers at the plantations were initially attracted to the industry decades ago because of the decent wages and relative job stability. Many of them were farmers in Colombia's rural areas before attaining jobs cutting sugar cane. Others, wanting to get away or being forcibly pushed from coca production by one or more of the various armed groups in the county, relished in the relative stability and safety of working the sugar plantations, even it meant taking a severe cut in remuneration.

With the globalization of the industry, domestic companies have faced increased competition for exported sugarcane, particularly from Brazil and Haiti. Because sugarcane is a labor-intensive product, companies often try to cut the cost of labor, often by violent means. Hawaii and Haiti have particularly brutal labor relations between workers and the state and/or companies. (See Jung 2006a and Jung 2006b for documentation of repression in the sugarcane movement in Hawaii.) Slashing wages is just one of several cost-cutting measures that the industry in Colombia has taken to have the workers cut more cane for less pay.

The workers reacted in 2004 with a labor strike to change the independent contractor system into an industry-wide cooperative system. They argued that this would allow them to have more leverage in demanding higher wages. The industry initially balked, but the two sides settled on a decentralized cooperative system, breaking the workers up into dozens of small cooperatives. At the end of 2007, the workers approached human rights workers, labor unions and sympathetic politicians, hoping to organize another strike to increase earnings and to get closer to forming a unitary cooperative. This new coalition signed an emancipatory document on June 14, 2008, outlining their demands. This document with delivered to the sugarcane industrial association, ASOCAÑA, receiving no response.

Ninety days later, workers went on strike. This time, they put the plantations under siege, blocking all roads and entrances around the plantations. The strike lasted almost three months in this manner. The workers did not achieve a unitary cooperative, but they did receive many concessions, including wage increases and health benefits. They also created a lot of economic damage, setting back the regional and national economy and forcing Colombia, a net sugar exporting country, to import sugar just to meet domestic demand.

The families of sugarcane workers take to the streets in support of the workers strike.

The industry initially reacted violently. In the first days, the military camped on the plantations and violently kept workers out. At one plantation, the movement's coalition counted thirteen injured workers and two injured police officers on the first day of the strike. Triangulating from movement and media sources, approximately forty workers were injured in total on the first day and this total jumped to nearly eighty by the end of the first week. The military and private security groups did not allow ambulances and or human rights personnel onto the private property on at least two occasions to evaluate early reports of injuries or to deliver supplies. Police consistently detained and questioned human rights and labor workers that visited plantations throughout the strike.

Colombian police prevent workers from entering a plantation on the first day of the strike.

There were several instances that illustrate that the sugarcane workers were not on strike only to improve wages and working conditions. During much of the strike, various social organizations in the community supported the workers by donating food and supplies, in addition to visiting them to give them support. Church groups, indigenous communities, local elected officials, national labor leaders, women's organizations, and student groups all supported the strike in these ways.

But the relationship was not a one-way street. A coalition of indigenous communities marched from their communal lands to Cali, to clamor for the government to honor human rights protected in the Constitution. At several points during this journey, a delegation of sugarcane workers accompanied them to show their support and to emphasize their mutual struggle for human rights. As one sugarcane movement leader put it, "The sugar cane stoppage is not a work stoppage but a social stoppage. This is not a labor problem but a social problem."

The sugarcane workers illustrate that theories about labor and labor movements developed in Western democracies might not travel well in other places. In Western democracies where human rights are respected, social movements enjoy a relatively large and safe political space in which to operate. But in Colombia, this workers movement leans on other human rights movements for protection, legitimacy, and visibility. Does persecution build character? Maybe. Why do these workers voluntarily put themselves in harm's way? Not sure. I will let you know when I have finished this dissertation.

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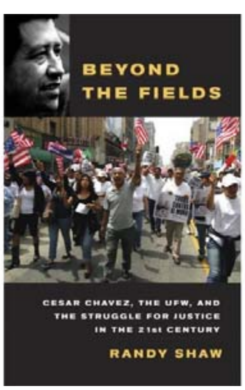
Book Review

The UFW and Its Political Diaspora

Have the lessons of the UFW been ignored by its SEIU alumni?

Steve Early

A review of Randy Shaw, *Beyond the Fields: Cesar Chavez, the UFW, and the Struggle for Justice In the 21st Century* (Berkeley and Los Angeles: University of California Press, 2008), 347 pp. $24.95.



The Vietnam-era spawned many political activists, on the left, right, and center. A few of the hundreds of thousands of soldiers who fought in Vietnam even became big-name players in Washington, D.C. At least one of the competing presidential candidates nominated by the Democrats or Republicans in 2000, 2004, and 2008 served there (although none have had any success in their quest for the White House).

On the social movement side of the Sixties ledger, those who opposed the war – plus Vietnam-era veterans of civil rights, black power, feminist, and farm labor struggles – boast equally large, if overlapping, alumni associations. One cross-over talent from that period, an education professor named Bill Ayers, found himself much in the news this Fall, even though he was not running for office. The larger generational cohort of which Ayers is a part includes fewer would-be presidents but some well-known mayors, city council members, state legislators, Congressmen, and Senators. Outside of electoral politics, America's "68ers" hold influential positions in labor and community organizations, academia and publishing, journalism and public interest law, the arts and entertainment industry, foundations, and what Randy Shaw calls "social entrepreneurship."

Shaw is a Bay Area journalist and community organizer whose latest book, Beyond The Fields, examines one key incubator of this left-liberal diaspora, the United Farm Workers (UFW). Shaw's important study focuses on the UFW's 1965-to-1980 heyday, when it was a pioneer in the field of "social movement unionism." This small California labor organization never had more than 100,000 members and two years ago was down to 7,000. Yet, in the late 1960s, UFW founder Cesar Chavez commanded the loyalty of hundreds of thousands of strike and boycott supporters around the country. Unlike previous writers about Chavez or his union, Shaw's "connects the history of the UFW to an analysis of post-1980 and 21st century social movements." In particular, he describes the influential "role of UFW alumni, ideas, and strategies" in Latino politics, immigrant rights protests, the Service

Employees and Hotel Workers unions, and labor alliances with students and religious groups. Despite the UFW's own sad decline, Shaw argues that the spirit of "si se puede," has never been stronger, as evidenced by the fact that the union's old rallying cry (or, at least an anglicized version of it-- "Yes, we can!") still "reverberates across the nation's political landscape" at Obama-for-President rallies.

The UFW generated similar enthusiasm forty years ago because its low-paid, much-exploited members were fighting for dignity and respect on the job. Prior to his 30-year career as a trade unionist, Chavez spent almost a decade knocking on doors as a community organizer, in Mexican-American barrios throughout California. And, before that, he had been a rebellious teenager, working in the fields alongside his family and chafing at the segregationist "Whites Only" signs in restaurants and the "colored" sections set aside for African-Americans, Chicanos, and Filipinos in movie theaters. In the 1940s and 1950s, Chicanos faced a humiliating system of discrimination in jobs, schools, housing, and public accommodations that would have been very familiar to African-Americans in the rural South.

Chavez responded to these conditions by becoming a voting rights activist. Under the tutelage of Fred Ross, an apostle of Saul Alinsky-style grassroots organizing, he succeeded in mobilizing tens of thousands of Mexican-Americans to register to vote and use their newly acquired political clout to deal with issues ranging from potholes to police brutality. In 1962, Chavez set aside political agitation "to pursue the impossible dream of organizing farm workers" in a state with a long history of failed efforts to unionize agricultural laborers.

California agribusiness did not come to the bargaining table quickly. In fact, local growers had every reason to believe they would never have to negotiate with Chavez's fledgling union because farm workers lacked any rights under the National Labor Relations Act. Prior to 1975, this left UFW supporters in California with no way of securing union representation elections and no legal protection against being dismissed, which, in the case of those who lived in grower-owned migrant labor camps, meant being evicted as well. When grape or lettuce pickers walked off the job to join UFW picket lines, they faced injunctions, damage suits, mass arrests, deadly physical attacks by hired guards, and the hostility of local police.

Beyond The Fields recounts how Chavez, his union, and their far-flung allies overcame such formidable obstacles. More than any other American union in the past half century, the UFW employed recognition walk-outs, consumer boycotts, hunger strikes, long distance marches, rallies, vigils, and creative disruptions of all kinds to win its first contracts. The UFW became a national cause celebre that attracted college students, civil rights activists, liberal clergy, and political figures like Robert Kennedy, who conducted Senate hearings on conditions in the vineyards of Delano. Chavez's own persona contributed a great deal to the union's appeal. Deeply religious, the UFW president was, like the Rev. Dr. Martin Luther King, Jr., a controversial foe of U.S. intervention in Vietnam and a home-grown Ghandian. In 1968, as strike-related confrontations swirled around him, Chavez embarked on the first of many fasts to help regain the moral high ground. His widely publicized 25-day ordeal "on behalf of his movement and the power of non-violent activism galvanized America," Shaw writes. "The fast signified the idealism of the era and left a permanent legacy for future struggles."

Management attacks on the union continued nevertheless. The UFW's initial gains were nearly swept away in the early 1970s when growers signed sweetheart contracts with the Teamsters to avoid dealing with the dreaded "Chavistas." The Teamsters, now a fellow member of the Change To Win (CTW) coalition with UFW, "often resorted to violence to intimidate opponents." Among the "countless UFW members victimized in the next decade by the then corruption-plagued union" was Eliseo Medina, who was beaten up badly but survived to become Executive Vice-President of the Service Employees International Union (SEIU) today. All the inter-union mayhem finally forced California legislators to act. After UFW-backed Democrat Jerry Brown became governor in 1974, the state created an Agricultural Labor Relations Board to referee farm labor disputes. Before the board's operations were eventually subverted by Brown's Republican successors, UFW victories in government-run elections routed the Teamsters and boosted the union's membership to a reported 1980 peak of 100,000.

At long last, some farm workers were finally getting a living wage, health benefits, better housing, and protection against dangerous pesticide use. Unfortunately, the UFW fared worse than most unions during the ensuing Reagan-Bush-Clinton-Bush era. As factors in UFW's steady marginalization, most observers cite continued grower opposition, the massive influx of undocumented workers from Mexico, the union's over- reliance on boycott activity and failure to back it up with ongoing organizing in the fields, and, finally, Chavez's own increasingly autocratic style.

Shaw devotes an entire chapter ("The Decline of the UFW") to "Chavez's shortcomings and his role in the union's post-1981 problems." Since his death in 1993, Chavez has been posthumously transformed into "a national icon," while his darker side has "been minimized or ignored." In his later years, Chavez brooked little internal dissent and was not accountable to anyone within the UFW (because democracy took a far second to charismatic leadership). As a result, rank- and-file critics were purged and independent thinkers on the union staff became so disaffected that they quit, after years of dedicated, low-paid service to the membership. The union reached its nadir when Chavez began employing, in meetings of his inner circle, a bizarre and destructive "group therapy exercise known as the `Game.'" Imported from " a cultish drug treatment program known as Synanon...[t]he Game required participants to `clear the air' by launching personal attacks against one another," an experience that "caused much anger and bitterness."

Marshall Gans, a former civil rights worker, was among those who left the union in disgust or dismay, along with Medina, who had been regarded as a likely successor to Chavez. (The UFW is today headed by Chavez's son-in-law, reflecting one of business unionism's hoariest traditions, nepotism.) Now a lecturer at Harvard and campaign advisor to Obama, Gans offered Shaw this structural explanation of how the UFW shrunk into a cult-like shell of its former self:

"[T]he UFW was not giving workers any real power or responsibilities in setting the union's direction...Chavez's decision that the UFW would not have geographically distinct `locals' left the union without the vehicles traditionally used by organized labor to obtain worker input. [As early as 1978] the UFW's executive board had no farmworker representation, leaving those working in the fields with no way to influence the UFW's direction."

According to Shaw, UFW alums have learned the hard way that "charisma can help build a movement, but it does not sustain one." Beyond the Fields suggests that "this style of leadership" is no longer in vogue because "charismatic leaders often resist democratically imposed limits on their authority," with the result that "organizational dissent is either directly suppressed or forestalled by a reluctance to challenge the leader's decision." The author believes that younger organizers have "responded to the troubling power dynamics of `60s-era movements by promoting non-hierarchical and even consensus-based decision-making."

Unfortunately, this does not appear to be true in a major union where, as Shaw notes, Medina, former boycott staffer Stephen Lerner, and more than a dozen others ended up after their UFW work. In the 1.8 million member Service Employees International Union (SEIU), a similar leadership personality cult has developed under president Andy Stern, with an accompanying culture of party line conformism. (Internal critics even have a name for Stern's unquestioning loyalists; they're called "Purple Kool Aid Drinkers," a reference to SEIU's trademark color and the fatal beverage served at Jonestown.) In SEIU, just like in the UFW before it, the absence of member- controlled local branches has left workers with little say in the affairs of their own union. Like the UFW executive board (circa 1978), SEIU's today is stacked with staffers and hand-picked friends of the president and contains only a shrinking number of one-time working members. Worse yet, from the standpoint of Shaw's thesis, former UFW figures now in the leadership, like Lerner and Medina, have been personally involved in SEIU's attempt to silence Sal Rosselli, president of 150,000 member United Healthcare Workers-West (UHW). Stern's on-going threat to put UHW under trusteeship – in direct retaliation for its criticism of SEIU's "troubling power dynamics" – would leave most of the union's 600,000 California members without elected leaders.

Most troubling of all, in light of his personal history battling the Teamsters, is Eliseo Medina's support for SEIU's "raid" on a union in Puerto Rico that looks very much like the UFW of his youth. In the public school system of Puerto Rico, SEIU has for the last year been reprising the "company union" role of the Teamsters in California agriculture thirty years ago. It offered itself to the island's governor – a politician under federal indictment for corruption and just defeated on Nov. 4 – as a management-friendly alternative to the militant Federacion de Maestros de Puerto Rico (FMPR). The FMPR is a feisty, democratic, rank-and-file organization. Last February, it struck for 10-days with much popular backing, but lost its legal certification as a result. (One issue was pay – since top salaries are only $2,600 per month – but another was the threat of school privatization.) Despite its continued support from 12,000 teachers, FMPR was barred, by a court ruling, from participating in a teacher representation election scheduled for October. In that election, only one choice appeared on the ballot: a new SEIU affiliate, aligned with the union of school principals and administrators!

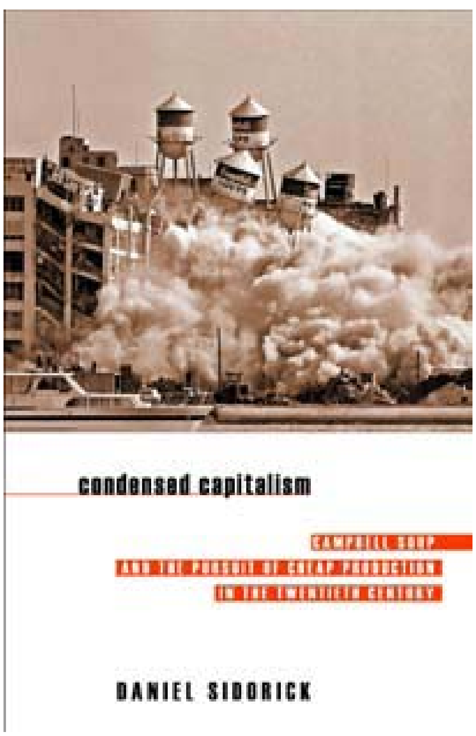
When former strikers, most of them women, protested this undemocratic scheme during SEIU's convention in San Juan last June, the local riot squad was called out to keep several hundred of them at bay. Meanwhile, inside the convention center, the teachers' arch enemy, then-Governor Anibal Acevedo Vila, was welcomed as a great friend of SEIU and spoke to its 3,000 delegates. FMPR members were roughed up and several arrested when they broke through police lines to appeal, on a worker-to-worker basis, for an end to SEIU's undermining of their union. After this embarrassing episode, EVP Medina, who makes nearly $200,000 a year now, held a press conference at which he questioned the legitimacy of the FMPR and belittled its turn-out capacity (as if it had been safe or easy to picket the heavily-policed convention). Medina's performance was not the finest hour of UFW's still-active alumni, SEIU division. But it demonstrates how some of the "youthful idealism" so rightly applauded by Shaw has, unfortunately, congealed into political cynicism far less worthy of emulation today.

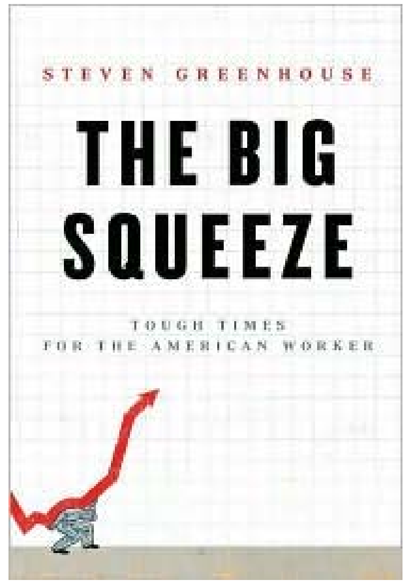
For their part, FMPR members demonstrated on Oct. 23 that the spirit of "*si se puede*" is alive and well in Puerto Rico. After a low-budget "Vote No" campaign, teachers rejected SEIU's costly take-over attempt by a margin of 18, 123 to 14,675. Some local press reports called the election battle a "David vs Goliath" contest - the same media frame once used to described UFW triumphs over California growers and their Teamster allies.

Steve Early worked as an organizer for the Communications Workers of America for 27 years. He is the author of Embedded With Organized Labor: Journalistic Reflections on the Class War at Home *(forthcoming from Monthly Review Press in 2009). He can be reached at* Lsupport@aol.com. *This review originally appeared in* Z Magazine *(December 2008).*

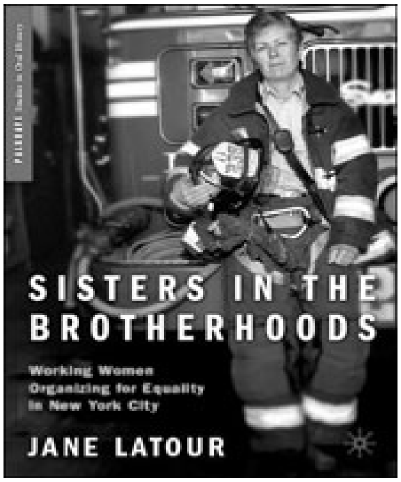
Recent publications of note . . .

Daniel Sidorick, ***Condensed Capitalism: Campbell Soup and the Pursuit of Cheap Production in the Twentieth Century*** (Cornell University Press, 2009). Corporations often move factories to areas where production costs, notably labor, taxes, and regulations, are sharply lower than in the original company hometowns. Not every company, however, followed this trend. One of America’s most iconic firms, the Campbell Soup Company, was one such exception: it found ways to achieve low-cost production while staying in its original location, Camden, New Jersey, until 1990. The first in-depth history of the Campbell Soup Company and its workers, *Condensed Capitalism* is also a broader exploration of strategies that companies have used to keep costs down besides relocating to cheap labor havens: lean production, flexible labor sourcing, and uncompromising anti-unionism.





Steven Greenhouse, ***The Big Squeeze: Tough Times for the American Worker*** (Random House, 2008). Why, in the world's most affluent nation, are so many corporations squeezing their employees dry? In this fresh, carefully researched book, *New York Times* reporter Steven Greenhouse explores the economic, political, and social trends that are transforming America's workplaces, including the decline of the social contract that created the world's largest middle class and guaranteed job security and good pensions. We meet all kinds of workers—white-collar and blue-collar, high-tech and low-tech, middle-class and low-income—as we see shocking examples of injustice, including employees who are locked in during a hurricane or fired after suffering debilitating, on-the-job injuries. With pragmatic recommendations on what government, business and labor should do to alleviate the economic crunch, *The Big Squeeze* is a balanced, consistently revealing look at a major American crisis.

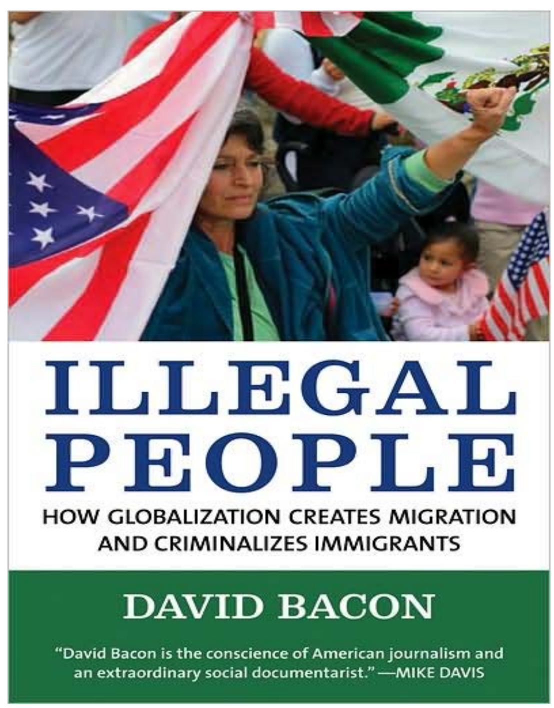


Jane LaTour, ***Sisters in the Brotherhoods: Working Women Organizing for Equality in New York City*** (Palgrave Macmillan, 2008). "*Sisters in the Brotherhoods* is one of the most exciting books that I've read in years. It is nothing less than a history of the late twentieth century movement of women into non-traditional jobs as recalled by and through the voices of the women who opened the doors. Jane LaTour seamlessly melds the aspirations, experiences, doubts and achievements of the courageous women who earned their livings in trades reserved for men into a persuasive analysis of generational change. Every young woman should read this resonant and moving book." -- *Alice Kessler-Harris, author of* In Pursuit of Equity

"*Sisters in the Brotherhoods* profiles the indomitable women who fought their way into some of the best-defended male monopolies in the U.S. labor force: the skilled trades of New York City. Jane LaTour's engaging oral histories reveal the diverse routes women traveled to claim these jobs, the alliances that sustained them, and the strategies they developed to master their crafts in the face of employer hostility, co-worker harassment, union corruption, and a government that all but abandoned them in the 1980s. Tradeswomen, feminists, labor and civil rights activists, historians, and social scientists will all find wisdom and inspiration in these pages." -- *Nancy MacLean, author of* Freedom Is Not Enough

David Bacon, ***Illegal People: How Globalization Creates Migration and Criminalizes Immigrants*** (Beacon Press, 2008). For two decades veteran photojournalist David Bacon has documented the connections between labor, migration, and the global economy. In *Illegal People* Bacon explores the human side of globalization, exposing the many ways it uproots people in Latin America and Asia, driving them to migrate. At the same time, U.S. immigration policy makes the labor of those displaced people a crime in the United States. *Illegal People* explains why our national policy produces even more displacement, more migration, more immigration raids, and a more divided, polarized society.

Through interviews and on-the-spot reporting from both impoverished communities abroad and American immigrant workplaces and neighborhoods, Bacon shows how the United States' trade and economic policy abroad, in seeking to create a favorable investment climate for large corporations, creates conditions to displace communities and set migration into motion. Trade policy and immigration are intimately linked, Bacon argues, and are, in fact, elements of a single economic system.



Bob Carter and Satnam Virdee, **“Racism and the sociological imagination,”** *British Journal of Sociology* (2008), Vol. 59, No. 4, pp. 661-679. Our chief purpose in this article is to argue for a restoration of a strong notion of agency to sociological accounts of social relations, and particularly those concerned with group formation and conflict. We contend that much contemporary sociological writing on this topic continues to rely on the concepts of race and ethnicity as primary explanatory or descriptive devices. This has two important consequences: on the one hand it reproduces the powerful theoretical obfuscation associated with these concepts, whilst on the other it prompts the notion that human agency has only an illusory role as an intentional agent. Drawing on the intellectual resources of a Hegelian-inflected historical materialism and realism, we challenge both claims by arguing for a post-race, post-ethnicity sociology of group formation, one which allows a greater scope for agency in the determination of social life.