



ECONOMIC NOTES

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Some unsettling developments

"Great Britain is mired in recession. West Germany's gross national product is 'on hold.' Japan's fast-streaking economy has stumbled. And American economists and businessmen are worried" (Wall St. Journal, 10/30).

Recovery Will Slow

What effect will the deepening recessions of other major capitalist nations have on the U.S. economy? It will slow any recovery which occurs or will be one of the factors preventing a recovery.

When foreign economies fall into recession, their demand for U.S. goods declines. This was expressed in September, as U.S. exports declined more than 2%. The result, of course, is that factories in the U.S. will cut their production of export commodities. Since U.S. exports are 12% of the gross national product, this has quite an impact.

As foreign-owned corporations, and U.S. corporations which have foreign operations, are hurt by declining sales in their home country, their natural reaction is to step up export efforts. This means that during the next year we can expect an onslaught of exports to the U.S., further cutting the U.S. recovery.

Efforts will be made to blame foreign manufacturers, but American workers should take note that U.S. multinationals' foreign affiliates were responsible for about 30% of all U.S. imports in 1976. (Survey of Current Business, 3/78).

More Shutdowns Coming

While talk of recovery dominates the financial pages, shutdowns are still continuing. Korvettes, the giant discount store, will close all of its stores by the end of the year. More than 11,000 workers in 50 Korvettes stores will have lost their jobs since May (NYT, 10/10).

Firestone Tire and Rubber Company, the second largest American tire manufacturer after Goodyear, will most likely close yet another plant. So far this year, it has closed six tire plants and a synthetic latex plant, for a job loss of 12,000. The threatened victims of the eighth plant under attack were told by Firestone that if the union would offer some concessions, that the 875 workers' jobs in Noblesville, Indiana, might be spared.

Firestone estimates that the plant closings will "enable Firestone to operate at 91% of capacity in 1981, compared with 69% this year" (NYT, 10/30), enabling it to become profitable in 1981.

U.S. Auto Industry Still Behind

The key to a profitable tire industry, as well as many other industries, lies with the automobile industry—and there the outlook is bleak. The Big Three have suffered a combined profit loss of \$4 billion in the past nine months, as the recession, combined with cheaper and more efficient cars produced by Japanese auto makers, have sent the auto industry into its deepest crisis since the Great Depression.

While U.S. automakers are busily downsizing their cars, and also moving

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"This is the multiple appropriation retention vehicle. It's to hold extra Congressional funds till we figure out how to spend them"

Herlock, The Washington Post

HEALTH**Out-of-pocket costs**

by AL WOODWARD

The health care system for US families has gaping holes. Many workers, their families, and others have no health insurance whatsoever. In addition, most people who do have insurance must pay for much of their medical care with out-of-pocket payments over and above their monthly premium payments.

US Health Care Lags Behind

Other industrialized nations are far more advanced in providing medical care for their populations. *"Most developed nations now offer their citizens far more comprehensive coverage, and look upon the American health insurance system as something of an oddity. Foreigners familiar with our system, for example, are puzzled how a modern industrial nation can remain*

content to leave an estimated 10 to 25 million of its citizens without any health insurance coverage whatsoever. They are equally amazed that a decade after the introduction of the much acclaimed Medicare program, retired persons in the U.S. still pay directly some one-third of the cost of their health care in the form of copayments or premiums for supplemental coverage" (Professor Uwe Reinhardt, "Health Insurance and Cost-Containment Policies: The Experience Abroad," *American Economic Review*, 5/80).

Out-of-pocket payments for all age groups in 1977 were 30% of the total U.S. health care bill. In Canada and West Germany there are almost no out-of-pocket payments. In France, the average out-of-pocket payment is about 10% of the bill.

National Health Service Eliminates Profit

In the socialist countries, national health services ensure free medical care for all. They eliminate the profit motive entirely. National health insurance systems in the capitalist countries, based upon some combination of private insurance companies, private hospitals, private drug companies, private medical equipment and hospital construction companies, and even private doctors-for-profit, ensure that profits come before patient care.

Whether a national health insurance or service system is introduced in the U.S., labor and its allies must urge that out-of-pocket payments be eliminated.

Al Woodward is a consultant in health and occupational health and safety.

Developments...*(continued from page 1)*

much of the auto capacity overseas, Japan is not sitting idle. The U.S. Big Three are not helping the situation by forcing prices even higher —and far above their rivals. For example, the price of Ford Motor Company's *"chief 1981 model entry in the competition for fuel-efficient cars will be \$5,158, or about \$1,000 more than the small Japanese cars in the same market"* (NYT, 9/19).

Japan Builds More Minicars

In addition, the Japanese are continuing to produce smaller and smaller cars, which use very little fuel. As soon as they are revised to meet U.S. safety standards, they will enter the US market. One example is the Suzuki Alto, a minicar, which weighs about 1,200 pounds, compared with 1,500 pounds for a Toyota Starlet, the smallest Japanese car currently being sold in the U.S. The new minicars have engines which cannot displace more than 550 cubic centimeters. By contrast, the smallest U.S.-built car is the Chevrolet Chevette, which has an engine displacement of 1,600 cubic centimeters, nearly

three times the size and power of the Japanese future entrants. The minicars can cruise at about 50 miles per hour, fit two adults in the front seats, and squeeze children into the rear seats. (NYT, 10/14). The manufacturer claims the car gets 55 miles per gallon.

Military Spending Boosts Inflation

Inflation never was "licked" by the recession, which officially began in January, 1980, but it did decline a bit. However, efforts by the Carter Administration to boost military spending, as well as increased spending on unemployment benefits because of mass layoffs, resulted in a near-record budget deficit for the fiscal year 1980, which ended Set. 30. The official deficit was \$59 billion, plus \$14 billion in so-called "off budget" spending items. In total, therefore, the deficit was \$73 billion.

The Federal government spent \$593 billion in 1980, or about \$50 billion above the initial estimate, and a climb of more than 17% over the previous year.

The big increase in government

spending undoubtedly spurred the economy, preventing an even deeper decline than the record setting 9.6% annual rate of April-June, 1980. But the inevitable result of the budget deficit (combined with freedom for the monopoly corporations to raise their prices) is that inflation pressures are growing extremely severe.

Industrial Production and Prime Rate Rise

Industrial production rose slightly in August, for the first time in 1980. But the prime rate (the interest rate the banks charge their largest customers), is also rising steadily. The banks love it, but the rest of the population will suffer. In the words of one banker, Edward Palmer of Citibank: *"It's (only) politics to hold back on increasing interest rates when such an increase is justified by market condition."* The prime rate hit 14 $\frac{1}{2}$ % by the end of October, up from the low point of 11% at the beginning of August.

A recovery has clearly begun for the bankers, but for millions of workers it is still a dream.

HISPANICS

Hispanics: a growing force

About 12.1 million Americans of Hispanic origin live in the United States, according to the Census Bureau (*Population Profile of the US: 1979, 5180*). They comprise 5.6%, or 1 in every 18, of the population.

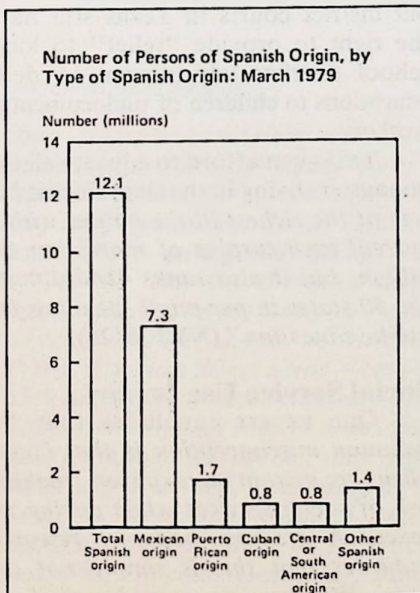
Hispanics are Undercounted

Many Hispanic persons living in the US are not counted by the Census Bureau. Two factors are responsible: 1) undercounting of legal residents (including citizens), especially minorities and the poor; and 2) undercounting of undocumented workers and their families who are fearful of deportation if the government knows of their presence. (See article on Census Undercounting for details.)

The actual number of Hispanics in the United States probably totals between 15 and 18 million people, or a maximum of about 8% of the population (1 out of every 13 persons). Black people totalled 25.1 million, (11.6%) officially, in 1979, but with adjustment for undercounting, their actual number was about 27.1 million, or 12.1% of the total.

Hispanic Population

Hispanics as a group have the youngest median age, 22.1 years, and the highest birth rate. In addition,

**Geographical Distribution Among Selected States and Percentages of Hispanic Population, 1976**

STATE	PERCENTAGE OF POPULATION THAT IS HISPANIC	NUMBER OF HISPANICS
New Mexico	36%	420,000
Texas	21%	2,557,000
California	16%	3,328,000
Arizona	15%	350,000
Colorado	11%	378,000
New York	8%	1,439,000
Florida	8%	669,000
Nevada	6%	36,000
N.J.	5%	385,000

Source: The Condition of Education for Hispanic Americans, HEW, 1980

immigration by Hispanics is quite rapid. Therefore, within a decade Hispanics may rival the Black population as the largest oppressed minority in the United States.

Hispanic Population Concentrated

Chicanos (Americans of Mexican descent) live mainly in five southwestern states: California, Texas, New Mexico, Arizona, and Colorado. Puerto Ricans are found mainly in New York and the northeastern US. Cubans are concentrated in Florida and New Jersey. Large numbers of Central and South Americans are located in New York, California, Florida, and New Mexico.

The state with the largest Hispanic population is California, with 3.4 million officially counted, plus large numbers of uncounted persons. With 1.6 million Hispanic residents, mainly of Mexican descent, the Los Angeles area is the world's second largest population center for Mexicans.

Most Hispanics live in cities. Only 16% live in non-metropolitan areas; 50% live in central cities, and 34% live in suburbs.

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HISPANICS**Undocumented workers**

Hunger and starvation of the masses, rural and urban, is the main cause of illegal mass migration to the United States. Mexico is a prime example: *"Behind the mass influx are some stark economic figures: half of Mexico's 18 million-member labor force is unemployed; a devalued peso has sent prices there spiraling; the country's 3.5% population growth is one of the world's highest. Says Border Patrolman Michael S. Williams: 'They're starving to death down there.'"* (Time, 10/16/78).

Corporations Displace Mexican Workers

The penetration of U.S. corporations —by direct investment, introduction of highly capital intensive technologies, etc.— has displaced Mexican enterprises, resulting in lower employment.

United States-based food processing corporations (Del Monte, Campbell, General Foods) have introduced *"contract farming"* into the irrigated areas of northwestern and central Mexico. The corporations give the larger growers credit, use of machinery, and advantageous marketing arrangements. Small and medium-sized farmers are unable to compete, forcing them to rent or to sell their lands and either work as laborers for large growers or migrate to the U.S.

Sixty-nine percent of all Mexican exports go to the U.S. About 61% of all Mexican imported goods come from the U.S. This close, and dependent, trade relationship helps export U.S. recessions and spiraling inflation to Mexico. It is the classic situation: when the U.S. gets a cold, dependent countries get pneumonia. (Source *Book on New Migration*, edited by Roy Bryce, Transaction Books).

Labor Recruiters Sent to Mexico

When the need arises, American capital sends labor recruiters to Mexico and other nations to increase the supply of labor. For example, in 1942, Public Law 45 initiated a "bracero" program through which more than 4

million Mexicans were brought to the U.S. as temporary workers (45 days to 6 months). The bracero program ended in 1964, and overnight hundreds of thousands of "legal" workers became "illegal" or undocumented workers.

Number of Undocumented Workers Unknown

Six million legal residents of the U.S. are not U.S. citizens. No one knows how many undocumented workers and their families live and work in the United States today. For example: *"A member of President Carter's select committee on immigration said this week that there were 3 to 6 million illegal residents in the U.S., half the number previously estimated... half of the illegal aliens were from Mexico"* (NY Times, 10/19). The Wall St. Journal reports that there are *"from one million to more than eight million"* undocumented residents (8/26). The Mexican government estimates the number at *"480,000 to 1.22 million, depending on the season"* (NYT, 10/13).

Conditions for undocumented workers and their families are a national disgrace. They are a tragedy for those involved, and they help lower conditions for legal residents.

Undocumented Workers Pay Taxes for Few Benefits

● Undocumented workers pay sales taxes and have social security and federal income taxes deducted from their wages —but seldom receive any benefits from these taxes. The New TransCentury Foundation, a Washington consulting group, has found that there is an *"unplanned, illegal-alien-generated subsidy to the Social Security Trust Fund that may be as large as \$1.67 billion a year"* (NYT, 10/18).

Minimum Wage Standards Violated

● Undocumented workers are victimized by unscrupulous employers who take advantage of their employees' fears of deportation to deny them their legal rights. For example, Joe Razo, the regional head of a California State task force that enforces labor standards, reports that he has *"found minimum wage and overtime violations in 79% of the 2,100 garment shops and 63% of the 2,500 restaurants he checked in Los Angeles Country"* in 1978-80 (WSJ, 8/28).

● Most undocumented workers are employed by *"smaller agricultural, service, and nondurable manufacturing establishments; sectors noted for their low wages and meager benefits... one study found that most apprehended illegals worked in establishments with fewer than six illegal co-workers"* (Guestworker Programs: Lessons from Europe, Dept. of Labor, 1980).

Children are Victimized

● Children of undocumented workers, even those who are citizens of the U.S., are often denied the human right to attend school. For example, a 1975 Texas statute has effectively prohibited 110,000 children (Texas Education Association estimate) from attending school. This law is now under attack, but district courts in Texas still have the right to provide "relief" to local school districts which want to deny educations to children of undocumented workers.

Texas can afford to educate all the youngsters living in the state since it *"is one of the richest in the nation with a current cash surplus of more than \$2 billion, but it also ranks 42nd among the 50 states in per-pupil spending for public education"* (NYT, 8/26).

Social Service Use Is Low

One expert concludes that *"a common misconception is that illegal aliens are a drain on taxpayers, making use of social services while paying no taxes. A growing body of research indicates that this is simply not the case. Whether we consider welfare,*

HISPANICS

Hiring discrimination

Hispanic workers are clear victims of discrimination in hiring and promotion, which results in severe income differentials. For example, "although 17% of non-Hispanic persons held jobs as professional and technical workers in 1979, only 8% of Hispanic workers had such jobs. On the other hand, 15% of non-Hispanic workers had jobs as operatives (eg., garage workers, produce packers, manufacturing checkers), but 25% of all Hispanic workers were operatives. (Persons of Spanish Origin in the US: March 1979, Advance Report, Census Bureau, 1979).

Double Discrimination for Hispanic Women

Discrimination based upon sex compounds that based upon nationality and race, as the table shows. Thus, 4% of Hispanic women were managers and administrators in 1978, compared with 6% of all women and 14% of all male workers. And, only 2% of Hispanic women and of all women were craft workers, compared with 21% for male workers.

Hispanic workers are more often unemployed than the general popula-

tion, although Blacks suffer from the most joblessness. From April thru June, 1980, the jobless rate for Hispanics was 10.0% compared with 14.2% for Blacks and 6.3% for whites. More than one-half million Hispanics were officially unemployed. Among the various Hispanic groups, unemployment was most severe among Puerto Ricans, 11.3%; Cubans were best off, with an unemployment rate of 7.0% (*Employment in Perspective: Minority Workers*, Labor Dept., 2nd quarter, 1980). ■

OCCUPATIONS OF TOTAL POPULATION AND HISPANICS, BY SEX, 1978

Occupation	Total Male Pop.	Hispanic Males	Total Female Pop.	Hispanic Females
Professional, technical	15%	8%	16%	9%
Managers and administrators	14	7	6	4
Sales workers	6	3	7	6
Clerical workers	6	6	35	29
Craft workers	21	21	2	2
Operatives	18	26	12	25
Laborers, excluding farm	7	12	1	1
Farmers and farm managers	2	0	0	0
Farm laborers and supervisors	1	5	1	1
Service workers	9	13	21	23
TOTAL PERCENTAGE	100	100	100	100

(Source: *Persons of Spanish Origin in the US: March 1978*, Census Bureau, 1979)

(continued from page 4)

food stamps, education, unemployment compensation or health care, all studies indicate the illegal aliens are very unlikely to use social services. Utilization rates are typically on the order of 5% or less. On the other hand, illegal aliens are very likely to be taxpayers. Studies have consistently shown that most illegal aliens — between 65% and 90% of those studied — have Social Security and income taxes withheld from their paychecks; they necessarily pay state and local taxes in the form of sales and property taxes" (Douglas Massey, Office of Population Research, Princeton University, quoted in the *NYT*, 5/31/79).

Extra Profits for Corporations

The lack of legal status for millions of undocumented workers and their families allows corporations to reap extra profits. It allows them to terrorize their employees; helps them to break unions and deport the most militant workers; and hinders the working class from organizing thousands of shops, stores, and farms.

Complete Amnesty The Only Answer

Complete amnesty for undocumented workers is a burning issue for them and for their families. (Many of their children have been born in the

U.S. and are thus U.S. citizens.) President Carter proposed amnesty for all those who can prove they entered the U.S. prior to 1970. All others could stay for another five years, but would then be forced to leave, often separating families. The Catholic Church has come forward for complete amnesty.

Only a complete amnesty for all will remove the constant threat of deportation, stop the systematic payment of starvation wages to "illegal" workers, and enable a proper census count to be conducted. Legal immigration quotas must be greatly expanded in the future to ensure that a new class of "illegal" immigrants does not develop.

HISPANICS**Income and poverty**

Spanish origin families had an average income of \$14,320 in 1979, compared with \$20,520 for whites, and \$11,650 for Blacks. The official poverty line was \$7,412 for a non-farm family of four (*Wall St. Journal*, 10/23).

One of every four Spanish-origin families had an income below \$7,000 in March, 1979, compared with one of every seven non-Hispanic families. But extreme poverty was the lot of almost half of all Puerto Rican families.

Among Hispanic families, Cubans had the highest incomes, as "only" one of every six families had incomes below \$7,000.

At the high end of the income scale, almost one-half of non-Hispanic families had incomes of at least \$20,000, but only one-fourth of Hispanic families had such high incomes. Puerto Ricans had the lowest percentage of high-income families, with one in every seven. ■

INCOME LEVELS OF FAMILIES, MARCH 1979

Income	Non-Hispanics	Hispanics	Puerto Ricans	Cubans
\$0- \$6,999	14%	24%	44%	16%
\$7,000- \$9,999	10	14	14	14
\$10,000- \$14,999	17	21	16	19
\$15,000- \$19,999	17	17	12	17
\$20,000- \$24,999	15	11	8	18
\$25,000 or more	29	14	6	17

(Source: *Persons of Spanish Origin in the US: March 1977*, Census Bureau, October 1979)

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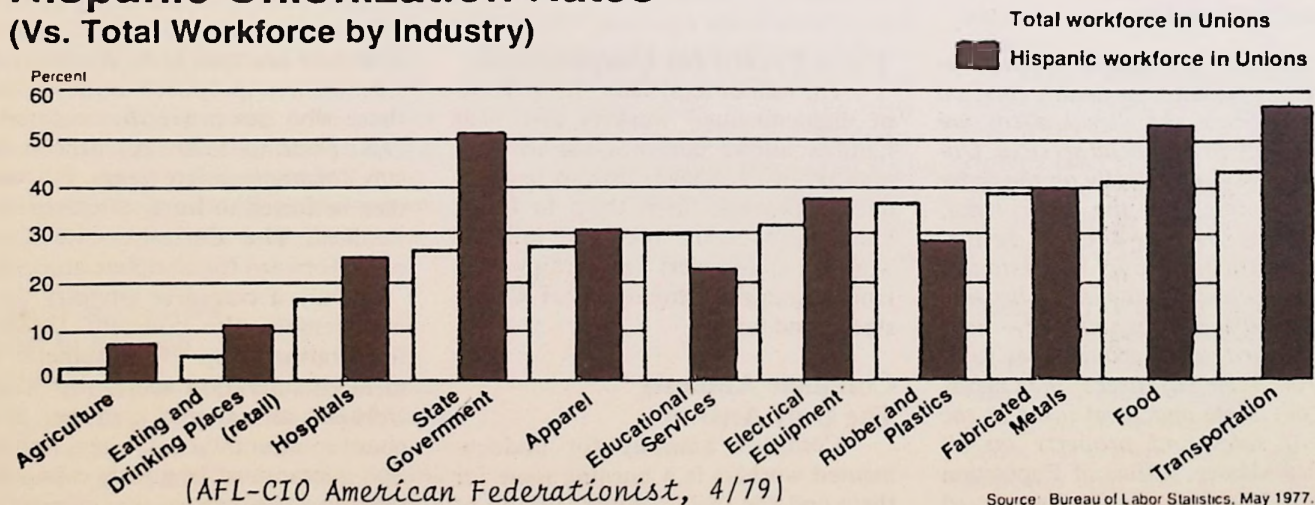
HISPANICS**Union members**

Among Hispanic workers, 29% are members of unions, above the 26% rate for whites, but below the 33% rate for Black workers, according to the first survey of labor organization among Hispanics (*Earnings and Other Characteristics of Organized Workers*, May 1977, Labor Department, 1979).

The high Hispanic union membership comes despite their concentration in largely unorganized industries. In these industries, as well as in highly organized ones, Hispanics are generally more apt to be union members than the rest of the industry's workforce.

Thus, "the unionization rate for Hispanic workers in eating and drinking establishments is 11.2%, twice the overall rate in an industry that has only 5.5% union members. In personal services other than household, the unionization rates are 13.9% for the total workforce but 24% for the Hispanic workforce. The same phenomenon holds true for hospital workers (16.6% unionized overall, but 25.5% among Hispanics), federal government workers (27.5% and 30.5%), apparel workers (27.5% and 30.5%) and food workers (41.3% and 53.2%)" (*AFL-CIO American Federationist*, 4/79). ■

Hispanic Unionization Rates (Vs. Total Workforce by Industry)



HISPANICS**Census undercounting**

The 1980 Census sharply undercounted Black and Hispanic workers and their families. This follows the pattern of the 1970 Census, in which "by the Census Bureau's own estimates, one of every seven Hispanic-Americans was missed... as against one if every 14 Blacks and one of every 50 whites" (NYT, 5/17/79).

"Three-fifths of a Person"

Undercounting began in 1790, when the first census was taken. "Congress ordered that each Black slave be considered three-fifths of a person... In the 1970 census the American Black still counted statistically as no more than 94% of a white person" (Congressional Quarterly, 9/20).

Certain age groups are most subject to undercounting. No 1970 age group data for Hispanics have been released, but the data for Black males 25 to 34 years of age indicate that one of every five was not counted (Report on the 1980 Decennial Census, 5/23).

Census Biased Against Poor Neighborhoods

Many factors are responsible for undercounting:

- The government uses commercial mailing lists for census mailings, but they 1), contain incomplete lists of addresses in poor areas; 2), do not indicate that several households often share a single address; and 3), do not include persons living in rooming houses.

- Census forms are in English. To receive a Spanish-language form, a person must write and request it.

- Undocumented workers, in the main, do not register with the census for fear of deportation should their status become known to the immigration authorities. Stephan P. Dresch, Chairman, Institute for Demographic and Economic Studies, testified to Congress that: "The refusal of an undocumented to cooperate would not require paranoia or a lack of understanding of the confidentiality guarantee (of the census). In fact, such a refusal would be quite rational" (Problems with the 1980 Census, Hearings before the House Comm. on Government).

Census Not Really Confidential

Dresch notes that "any public or private party can request highly detailed tabulations of geographic aggregations." Thus, if undocumented persons fill out the census forms, the immigration authorities can easily determine where high concentrations of undocumented persons live, detailed down to within 1 or 2 blocks.

Furthermore, the government's promise to keep confidential the individual census returns cannot be fully trusted. For example, "the bureau, during the evacuation and internment of Japanese Americans (World War II), pulled out its raw-data file and helped to lay out, block by block" where the Japanese Americans lived, stated William Hohri, Chairperson, National Council for Japanese American Redress, citing Tom C. Clark, who was special assistant to the Attorney General in 1942 (NYT, 10/27).

Census undercounting is important for two reasons. First, the census figures, taken every 10 years, determine congressional and many state election districts. Second, they help determine the amounts of federal aid that states and cities receive.

Congressional Redistricting

The Census Bureau estimates that 18 states will gain or lose Congressional seats as a result of the 1980 census. New York likely will lose 4 seats, Illinois 2 seats, and Ohio, 2 seats. In general, the states that have Congresspeople with more progressive voting records will lose seats and those with more conservative voting records will gain seats (NYT, 8/21).

Inner Cities Are Big Losers

Members of Congress from inner cities are the most threatened, since these areas have suffered big population losses. In addition, it is within these areas that undercounting is extremely significant, as minorities increasingly tend to populate them. Of the 28 Congresspeople whose districts are expected to suffer the largest census losses in population, 9 are Black (2 are Black women); 1 is Hispanic; and 5 are women!

Corporate Drive to Influence Redistricting

Reapportionment will be one of the major political issues for state legislatures in 1981-83. Congressional redistricting will be done, in most states, by the state legislators elected in November, 1980. This may help to explain the huge amounts of money that corporations have invested in state election campaigns (Congressional Reapportionment —The Political Significance of the 1980 State Legislative Races, by Bonnett and Webb. Conference on Alternative State and Local Policies, April 1980.)

Federal Aid to Cities Threatened

Census data is also used to help determine allocation of about \$60 billion of federal aid to state and local areas. In 1975, funds for 75 formula grant programs used data on population or per capita income to help determine allocation. They accounted for 22% of state and local expenditures (Counting the People in 1980: An Appraisal of Census Plans, National Academy of Sciences, 1978).

New York City could lose \$1 billion in federal aid in the next 10 years if the current census figures are used to determine allocation. Those figures show a population drop of 1 million to 6.8 million since 1970 (WSJ, 9/30).

Big City Mayors File Suit

A number of suits have been filed, especially by big city mayors, against the use of the 1980 Census figures for reapportionment and for determination of federal funding. They charge that the census count should be adjusted to take account of undercounting since even the Census Bureau admits that substantial undercounting has occurred.

Detroit was the first city to win a favorable ruling, when a federal judge ruled that the Census Bureau must "come up with an estimate of people it might have missed" (WSJ, 9/30). The ruling included the stipulation that the Census Bureau must also develop corrected estimates for elsewhere in the nation. ■

What do Allentown, N.H., Santa Monica, Cal., New York City and San Francisco have in common? Answer: each has a rent control law, like 140 or so other cities and towns.

Many of these laws are newly passed. An unprecedented wave of organizing by tenants fed up with skyrocketing rents and scarce apartments has swept the nation in the past two years.

As Louis Masotti, professor of urban affairs at Northwestern University put it, "In the old days, dissatisfied renters would vote with their feet they'd move somewhere else. Now they're fighting for their turf" (*Wall St. Journal*, 8/27).

What is Rent Control?

"Rent control" includes a variety of types of laws. The basic kind sets limits on rent increases, usually annual percentage raises.

But limits on increases are of little benefit if tenants can still be evicted on 30 days' notice, as now is true in most states. Thus, the strongest laws include "just cause" eviction clauses. These prevent arbitrary evictions, enhancing tenant's rights.

The laws do not apply to tenants in public housing and other types of federally-assisted housing. And the laws exclude tenants in small buildings (usually 3 units or less).

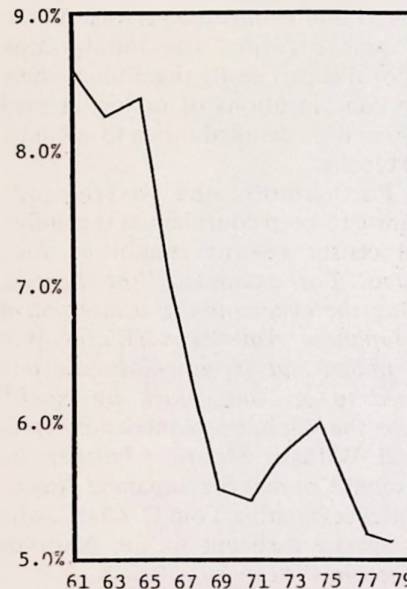
Why Rent Control Is Necessary

Rent controls are necessary because rents are skyrocketing, outrunning tenants' ability to pay. Private contractor and the banks who finance them build luxury housing rather than middle or low income housing. Likewise, the government builds almost no public housing. The result is an increasingly inadequate housing supply.

Landlords have been quick to take advantage of the situation —raising rents almost at will, turning away renters who do not meet arbitrary, often racist standards, and evicting tenants who fight back. That's why

Robert Martin is a housing organizer for the Chelsea Coalition on Housing in NYC.

**U.S. Rental Vacancy Rates:
1961 to 1980**



Source: *Housing Vacancies*,
Census Bureau, Aug. 1980

controls on rents and evictions are so crucial.

As the table shows, the rental housing stock has been dropping for 20 years. The official national vacancy rate is 5.2% now, and is lower in many localities. In Seattle, for example, the rate is 2.1%, and rents have risen 60% over the last 3 years (*Wall St. Journal*, 8/27).

Also, part of the vacancy rate is attributable solely to the transition of people moving between apartments. Thus, a 2% vacancy rate actually equals a zero rate.

Some Rent Control Myths

In its attempt to defeat rent control, the real estate industry advances certain myths. One myth is that rent control leads to housing deterioration and abandonment. However, "there is no evidence that rent control leads landlords to abandon their buildings because of insufficient profits. Cities without rent control have as much, often more, housing abandonment" (*Shelterforce*, Oct. 1980).

Another myth is that tenants' interests run counter to those of single-family home owners. California real estate interests recently attempted to use this myth to pass the anti-rent control "Proposition 10." But the proposition was defeated by 2 to 1.

In reality, tenants and single-family home owners are linked by the same problems of high interest rates, fuel costs, etc.

National Tenants Union Formed

For more information about rent control and other tenants' issues, contact a tenant group in your area or write the National Tenants Union c/o *Shelterforce*, 380 Main St., East Orange, N.J. 07018.

Unions Vote NO!

At one time there was a lot of talk about negotiating union contracts that would include so-called "profit-sharing plans." One variant of that idea was to become part owners in American industry by negotiating "stock purchase plans."

This approach to winning power for American workers never really caught on. For example, while there were 1,534 union contracts covering at least 1,000 workers in effect on January 1, 1978, only 28 agreements

contained profit-sharing plans. Only 58,000 workers were covered by the agreements out of the 7.1 million workers covered by large contracts. That's less than 1%!

Only 29 agreements, covering 134,000 workers, included "stock purchase plans." That's only 1.9%! And many of the same workers were covered by both plans (*Characteristics of Major Collective Bargaining Agreements, January 1, 1978*, Dept. of Labor, 1980).



STEEL

Government intervention in steel: W.W.II

by THOMAS KENNY

Permanent plant closings and mass unemployment have hit steelworkers hard. Many are asking basic questions: Should we experiment with community-worker ownership? Should the Federal government take over shut-down mills? Should steel be nationalized?

The steel corporations, of course, while crying to the government for more tax breaks, protection from imports, and for less OSHA and EPA regulation, denounce "government interference," by which they mean a public say in prices, profits and investments.

The hypocrisy of company propaganda is shown by the historical record of World War II. At that time government intervention was gladly accepted by the steel companies because of virtual giveaways to the companies of plants and equipment.

World War II

In 1941-45, the war against the Axis powers created a sudden need to rebuild the US navy and equip a modern army and air force, all of which required huge amounts of steel. The US government, in a massive way, stepped in to meet the crisis and to boost steel output and capacity. *The Economic History of the Iron and Steel Industry in the US* by William Hogan, a writer sympathetic to management, notes that the US government assumed a direct, guiding role in steel matters. And steel output rose from 67 million net tons in 1940 to 89.6 million net tons in 1944. According to Hogan:

● In 1941-45, one half of all investment in new steel capacity was paid for by the government. "A report issued through the War Production Board indicated that the \$2.7 billion was split almost evenly between industry and government."

● The whole steel industry got quick 5-year depreciation of facilities, a tax change that improved cash flow (i.e., profitability).

New Steel Mills

Little or no steel capacity was added in the Great Depression. But during the war years *four new steel plants were built in the West* to make plates and structural steel for the naval shipbuilding program on the West Coast. They were:

1) Geneva, Utah— A steel mill with a capacity of 1.3 million tons a year was built by the government-owned Defense Plant Corporation. This was a subsidiary of the Reconstruction Finance Corp., a New Deal agency. "It was... operated during the war by U.S. Steel for the account of the government without fee or commission" to the government.

2) Fontana, California— a new integrated steel mill was built by the Kaiser Co. Inc. at Fontana, financed by a loan from the Reconstruction Finance Corporation. "This plant... was also designed to meet the West Coast's need for plate and had an annual capacity of 388,000 tons of pig iron, 720,000 tons of steel ingots, 300,000 tons of plates and 210,000 tons of structural shapes."

3) Houston, Texas— A steel mill was built by the government, but operated by Sheffield Steel, a subsidiary of Armco Steel.

4) Daingerfield, Texas— A steel mill was built and owned by the government but operated by Lone Star Steel Co.

Many Facilities Built By Govt.

The extent of government aid to the steel industry can be seen from the following:

Blast Furnace Capacity— Of the 22 new blast furnaces constructed during the war, 11 were built with funds from the Defense Plant Corporation.

Open Hearth Capacity— The government financed 29 new furnaces vs. industry-financed furnaces of smaller size.

Electric Furnaces— 26 of 68 new electric furnaces installed during the war were financed by government.

Five Steel Companies

1) **U.S. Steel**— More than half of its wartime capital spending was at taxpayer expense. For example, the Defense Plant Corporation financed the installation of much of U.S. Steel's coking capacity (500 beehive ovens) in Columbia, Utah.

2) **Bethlehem Steel**— Government-financed projects, amounting to \$25.2 million, increased open hearth capacity by 300,000 tons and forging capacity by 86,000 tons.

3) **Republic Steel**— In World War II, 86.5% of Republic's new coking capacity, 78.4% of new blast furnace capacity, all new open hearth capacity, 68.1% of new electric furnace capacity was government-financed.

4) **Jones and Laughlin**— The Defense Plant Corporation built an iron ore facility on property leased by Jones and Laughlin; it leased mining equipment to Jones & Laughlin and provided other favorable financial arrangements.

5) **Inland Steel**— The government built 2 blast furnaces (427,000 tons capacity each) and 146 coke ovens at its Indiana Harbor plant.

Government Take-over of Steel Industry?

An important conclusion to draw from the above is that the Federal government can act—and has acted—decisively to solve a steel crisis that the private companies were not able to overcome by themselves. The historical precedent for far-reaching Federal intervention in the steel sector is there, although during WWII the steel companies were able to use that intervention for their own profit. The steel companies would prefer to play down this precedent. But it will surely help steel workers to be mindful of it as they discuss their options.

The facts surrounding the postwar disposal of all these government-built, government-owned, government-financed steel facilities is another important chapter. The steel corporations, needless to say, profited greatly. ■

PUBLIC WORKERS

Legal barriers to bargaining

Three types of bargaining subjects are described in labor law: 1), mandatory; 2), permissive; and 3), illegal.

The National Labor Relations Act (NLRA) says that a mandatory subject of bargaining is one which employers and unions must bargain over; if one party refuses to bargain, the other party may file legal charges against it. A permissive subject is one which a party may choose to bargain over. Illegal subjects of bargaining are those specifically outlawed. For example, it is illegal to bargain over a transfer clause that favors whites over Blacks because the clause is racist and violates Title VII of the Civil Rights Act.

Federal law covering the private sector and non-profit health care gives the first category, mandatory subjects, a broad scope. They include most items covered by the terms "wages, hours and working conditions" although the National Labor Relations Board, the agency that administers the law, occasionally makes it tough on a union to bargain certain working conditions, such as capital decisions affecting the scope and ultimate direction of an enterprise.

Public Employees Bargaining Rights Are Limited

In the public sector, with its patchwork of state labor laws (and lack of laws in many states), the problem of bargaining subject is much graver. For example, in Wisconsin, where collective bargaining is legal for most state, county and municipal employees, the rules vary for each category of worker. Thus, state employees can bargain over "wage rates" but not all "wages," since the law provides that mandatory subjects of bargaining only encompass

"wage rates" but not all "wages," employment." Consequently, for state workers, only across-the-board wage increases can be negotiated (7% or 50¢ per hour, for example), rather than increases based on classification wage minimums, job rates and maximums. County and municipal employees, however, bargain "wages, hours, and conditions of employment," so all wage issues must be bargained.

What Is "Mandatory?"

What is "mandatory," and what is "permissive" or "illegal" varies. State agencies, usually appointed by the governors of the various states can limit, *at will*, the public sector bargaining rights of millions. Thus, in one case brought by the teachers union, the Wisconsin Employment Relations Commission ruled that layoff, per se, bargaining. It is said that only the impact of a layoff on a work unit was a *mandatory* subject of bargaining, while a layoff, per se, was a *permissive* subject of bargaining.

In many states, the only subjects of bargaining allowed in the public sector may be a few work rules or just wages alone. Where there are no laws or weak laws, the employer can merely meet and confer with public employees. He can then unilaterally implement the management position, with no basic recourse for the union other than a strike.

Full Rights for Public Employees Needed

Public employees need to be covered by the National Labor Relations Act and have full rights of collective bargaining and the right to strike. Limitations on the subjects of bargaining weaken the public sector unions. ■

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