

**INSIDE THIS ISSUE:  
THE SERVICE SECTOR**

October 1985

# ECONOMIC NOTES

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Greg Tarpinian, Editor

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## Unionization in Industry

Lively discussion is now taking place in the labor movement on the strategies and tactics needed to reverse the anti-labor drive of the corporations and the Reagan Administration. The decline in union membership is cited as stark evidence for the need for new organizing approaches. As the AFL-CIO reports:

- The proportion of non-supervisory workers who belong to a union has fallen from close to 45% in 1954 to less than 28% today.
- The proportion of workers in the total workforce who belong to unions has fallen from 35% to under 19%.

In a 1985 report, entitled "The Changing Situation of Workers and Their Unions," the AFL-CIO examines the causes of this decline and concludes that organizing the unorganized is a top priority. While many unions are actively engaged in organizing campaigns, the report calls for increased efforts. Consequently, the trade union movement as a whole is now faced with the question of where to place its resources for organizing in different industries, sectors and regions.

The concept of the "deindustrialization of America" has surfaced in the current debate. Many cite "deindustrialization" as the basis for arguing that labor's main emphasis should be on organizing in the service sector. Some of the most aggressive and successful organizing campaigns are now being conducted by unions with large memberships in this sector such as the Service Employees, Communications Workers, Hospital Workers, State, County and Municipal Employees, and Food and Commercial Workers. In addition, some of the basic industrial unions have placed greater emphasis on organizing in the service sector. For example, at its last convention, the United Steelworkers adopted a resolution calling for "expanded efforts at organizing service and social service workers." The AFL-CIO report notes that the growth of the service sector is the main challenge to organized labor:

Manufacturing and construction, for example, currently account for 50% of the AFL-CIO's membership, but these sectors have declined relative to others and currently employ only 22% of the civilian workforce. In contrast, the service sector of our economy has had, and will continue to have, the largest growth. Yet less than 10% of the service sector is organized.

There is no question that employment in basic industry has declined significantly over the last two business cycles. Since 1979 — the previous peak in industrial employment — 1.7 million production jobs have been lost in the goods-producing sector of the economy. Along with the growth of the service sector, job loss in basic industries is a major factor in the decline in the proportion of all workers who are unionized.

It is wrong to conclude, however, that the basic industrial unions should therefore set their sights for membership growth on the service sector alone. The following factors indicate that despite "deindustrialization" arguments, the industrial sector remains a key site for union organizing campaigns:

(1) The goods-producing industries (mining, manufacturing, and construction) still account for nearly 29% of the gross national product — only slightly less than

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"List your desired salary. . . .  
The job goes to the lowest bidder."

## Unionization

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the 1955 level of 33%, when union membership as a portion of total employment was near its peak, and when over 50% of all manufacturing workers were union members, compared to 28.4% today.

(2) Workers in the industrial sector still number over 25 million, including 17 million production workers. While the percentage of the workforce employed in industry has declined in the post-war period, the total number of industrial production workers has increased by about 4 million.

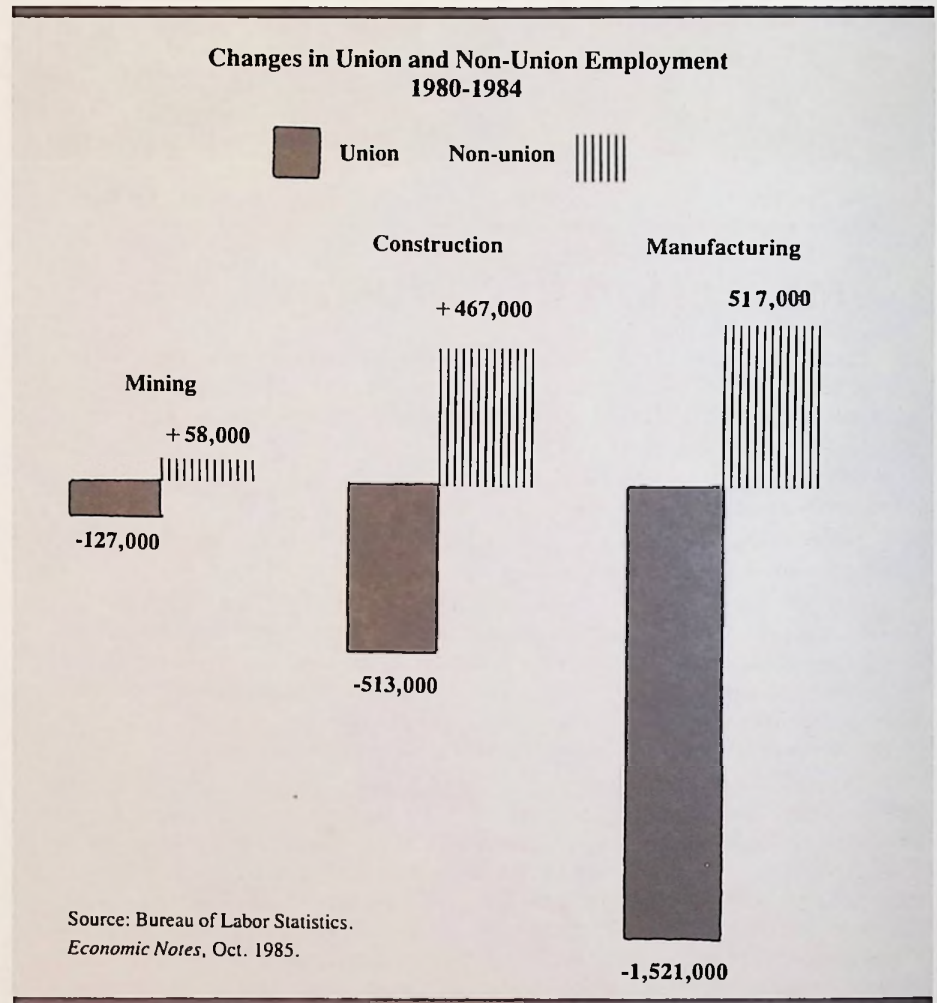
(3) Despite massive job loss since 1979, the goods-producing industries still account for 26% of total employment. Although this is significantly below the 1955 level of 40.5% it nonetheless represents a significant portion of U.S. workers. The fact that in the goods-producing sector output has remained relatively stable as a portion of GNP, while the portion of workers in this sector has declined, indicates that there has been a tremendous growth in industrial productivity. In fact, each industrial worker is now 142% more productive today than in 1955.

(4) Despite the overall decline in industrial employment since 1979, the number of unorganized industrial workers has actually grown continuously. According to the Current Population Survey, there was an increase of at least 1.1 million non-union jobs in industry between 1980 and 1984. In every section of industry, a significant increase in non-union jobs has taken place at the expense of union jobs.

### Potential for Organization

Between 1980 and 1984, 127,000 union mine workers lost their jobs, while there was an increase of 58,000 non-union mine jobs. Over the same period, 513,000 union construction workers lost their jobs, while 467,000 non-union construction jobs were created. Over of 1.5 million unionized manufacturing jobs were lost, while 617,000 non-union jobs were created (see chart).

Of the 25 million industrial workers, 6.5 million are union members. According to LRA estimates, there are nearly 12



million unorganized industrial production and non-supervisory workers. The AFL-CIO research department reports that:

- over 50% of the metal, machine, and electrical workers in the U.S. are unorganized;
- 69% of the chemical, oil, rubber, plastics, and glass workers are unorganized;
- 69% of all garment and textile workers are unorganized;
- 64% of all wood, paper, and furniture workers are unorganized; and
- 67% of all food processing workers are unorganized.

Although the level of unionization in industry is higher than the exceedingly low levels of union organization in the service-producing sector, there is a substantial pool of unorganized industrial

workers who still need to be brought into the labor movement. The decline in unionization in the industrial sector of the

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# Unionization

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economy is a result of the combination of the decline of employment in the heavily unionized industries and the restructuring of the industrial sector on a non-union basis, the rapid increase in contracting out in the basic industries, the rise of new unorganized industries, and the increase in non-union companies in mining, construction and traditional manufacturing industries.

## Organizing the Unorganized

There is no denying that the service industries have grown at a very rapid pace and are among the least organized. Many offer good opportunities for union organizing campaigns, as the aggressive organizing campaigns of the UFCW, SEIU, AFSCME, CWA, and other unions attest. Nevertheless, there is no reason to conclude that the unions in the goods-producing sector should focus their attention on the service sector. It is especially important today — in the context of the corporate and government anti-labor assault — to launch a coordinated nationwide drive to organize the more than 12 million unorganized workers in industry.

In this connection, the AFL-CIO's recent call for coordinated organizing drives between unions, and the discussion taking place in the Canadian labor movement on the formation of a Metal Workers Federation as a mechanism for coordination, provide a lead for the best way to begin an organizing drive that will turn the tide of the declining rate of unionization in construction, mining, and manufacturing. As the real wages, benefits, and working conditions of non-union workers continue to deteriorate, more workers will seek union membership. Moreover, at least 27 million workers, or 28% of the non-union workforce, are former union members who lost their union status because they were forced to change jobs. These workers know the benefits a union can bring.

A coordinated organizing drive among all AFL-CIO and independent industrial and building trades unions is needed to:

- organize the growing non-union sections of the steel, auto, garment, wood, textile, electrical, machine,

and other industries;

- organize the growing army of workers employed by sub-contractors used to eliminate union jobs in industry;
- organize workers employed by the growing number of non-union construction contractors; and
- organize the more than 1 million workers in high-tech production industries.

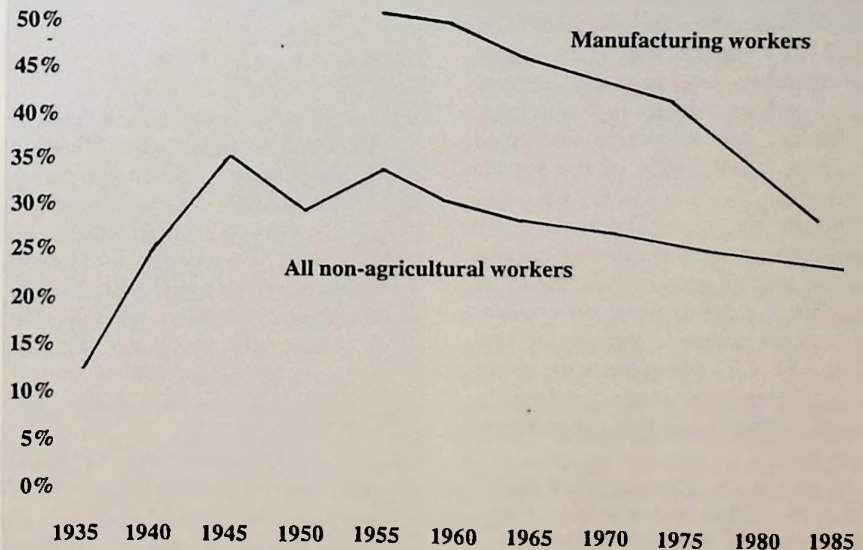
If one-half of the more than 12 million unorganized industrial workers were brought into the trade union movement, union membership in this decisive sector would nearly double and would bring the percentage of union members in the industrial workforce back to its mid-1950s peak. Such growth would be a tremendous boon to the strength of the entire labor movement. □

### Employment Changes and Wage Rates by Sector

	Jobs Lost or Gained 1979 to Jan. 1985 in thousands	Average Hourly Wage Jan. 1985
Manufacturing	-1,705	\$9.42
Construction	-412	12.22
Mining	-12	11.79
Transportation and utilities	-28	11.31
Wholesale trade	+ 259	9.14
Retail trade	+ 1,252	5.99
Finance, insurance, real estate	+ 459	7.77
Services	+ 3,236	7.82

Source: Bureau of Labor Statistics.  
Economic Notes, Oct. 1985.

Union Membership, 1935-1985  
Percentage of Workers Belonging to Unions



Sources: Bureau of Labor Statistics; Statistical Abstract.  
Economic Notes, Oct. 1985.

## EMPLOYMENT TRENDS

# AFL-CIO Report: Service Sector

By Roger Keeran

The AFL-CIO has recognized that one of the most serious challenges facing organized labor in the years ahead is the growth of the service sector of the economy. In its report, *The Changing Situation of Workers and Their Unions*, issued in February 1985, the Executive Council notes that "the nature of work, the organization of the workplace, and the size, location, composition and background of the workforce have been changing at an especially rapid rate in recent years" and that "unions find themselves behind the pace of change."

The AFL-CIO report points to the growth of the service sector as one of the major changes in the composition of the workforce with which labor will have to deal in the years ahead. The report notes that during the 1970s about 90% of all new jobs were added in service organizations, and that by 1990 service industries will employ almost three-quarters of the labor force.

This shift in the composition of the workforce represents a challenge to the labor movement, because the service sector has not been highly organized. The traditional strength of organized labor has been in manufacturing and construction, which together constitute 50% of the AFL-CIO's membership. Only 20% of the AFL-CIO membership is in unions whose members are primarily service workers, such as workers in health care, civil service, and wholesale and retail trade. Indeed, only 10% of the service sector is organized.

Though the report recognizes the challenge posed by the growing service sector, the task of analyzing the nature of this challenge remains to be undertaken. What workers comprise the service sector? The AFL-CIO report treats the sector as an undifferentiated whole, yet Janet L. Norwood, Commissioner of Labor Statistics, has said:

It is, in fact, that diversity itself that makes the service sector unique. The sector employs low-paid workers in

fast-food restaurants, in personal service establishments and in nursing homes. But the service sector is also the home of computer services, legal services, advertising and communications, where workers, on average, earn fairly high wages. And there are those employed in insurance, wholesale trade and auto repair who earn near-average earnings. (*New York Times*, August 28, 1985.)

Besides those who comprise this sector, we need to know the wages and conditions of their work. It is clear, for example, that at least part of the service sector is a growth area for part-time and temporary workers.

The report also does not deal with the history of organizing in this sector.

What unions have had success among service workers, and what can we learn from their experiences? The success of the National Union of Hospital and Health Care Workers and RWDSU District 1199 among hospital workers, of the UAW among service and maintenance workers at Cornell University, and District 65 among clerical workers at Columbia University, to name a few examples, suggests that a strong progressive image and a willingness to use aggressive and creative tactics have aided organizational efforts in this sector.

The AFL-CIO report has flagged the challenge of the growing service sector. Meeting the challenge requires more analysis, planning and boldness than the report provides. □

## Regional Shifts in Manufacturing

The unemployment crisis in the heavily unionized industries has occurred simultaneously with shifts in the regional distribution of U.S. industrial workers.

Since 1970, there has been a redistribution of manufacturing employment away from the Midwestern and Mid-Atlantic states and towards the New England, Southern, and Western states. In 1984, the Midwest and Mid-Atlantic regions accounted for 42.7% of total manufacturing employment, compared to 51.9% in 1970. The greatest growth was in the South and West. Manufacturing employment in the South grew from 24.8% of the national total in 1970 to 29.4% in 1984, from 15.8% to 20.2% in the West. In the Midwest, it declined from 28.7% in 1970 to 24.7% in 1984 and in the Mid-Atlantic region it declined from 23.2% to 17.9%.

While every region suffered losses in manufacturing employment between 1979 and 1984, only the Midwest and Mid-Atlantic regions — the centers of U.S. industrial strength — have suffered from long-term declines between 1970 and 1984. Other regions experienced over-all growth during that period.

In 1984, New England had the highest concentration of manufacturing employment as a proportion of total non-agricultural employment — 25.4%. The Midwest was second with 24.9%, Mid-Atlantic third with 19.7%, the South fourth with 19.4%, and the West fifth with 17.1%.

Currently, the states with the heaviest concentration of manufacturing workers as a proportion of total non-agricultural employment are North Carolina (32.4%), South Carolina (29.8%), Rhode Island (29.3%), and Indiana (29.1%).

While the traditional industrial regions have lost millions of manufacturing jobs, they have also had the smallest increases in service, trade, and finance employment since 1970. The South led the way in all three categories (108%, 75%, 84%), followed by the West (101%, 63%, 82%), New England (73%, 43%, 53%), and finally the Midwest (65%, 28%, 40%), and the Mid-Atlantic region (58%, 24%, 29%).

Source: Bureau of Labor Statistics, Employment and Earnings, various issues.

Roger Keeran is Director of the Certificate Program at Empire State Labor College and a member of the LRA Board of Directors.

## EMPLOYMENT TRENDS

# The Service Sector Today

In his comment on the AFL-CIO report, Roger Keeran (see article in this issue) raises some important questions about the service sector and the workers employed there. Keeran asks: Who comprise this sector? What are their wages and working conditions? And finally, what unions have had success in organizing service workers and what can we learn from their experiences? In the following article, *Economic Notes* offers some answers.

## Who Are Service Workers?

The U.S. Department of Labor's Bureau of Labor Statistics (BLS) divides industries into two broad categories: (1) the goods-producing sector, which includes the 25 million mining, manufacturing, and construction workers, and (2) the service-producing sector, which encompasses all other workers, totalling 69 million, or 73.4% of all non-agricultural workers.

Under this broad definition, the service sector includes transportation, communications, utilities, wholesale and retail trade, government, and personal and professional services such as laundries, hotels, health care, and education. This broad definition is used to generate statistics cited as support for the idea that the U.S. has become a "service economy," or to support the argument that most U.S. workers are no longer involved in the production of goods. Many of the workers included under the definition, however, either produce goods or are directly involved in the goods-producing sector. Fully one third of these workers, for example, are classified as technicians, machine operators, repair workers, assemblers, handlers, laborers, or material movers — clearly production or production-related jobs.

In addition, some of the workers included in this broad definition of the service sector are highly organized, and clearly not the focus of concern in discussions on the decline in trade union membership. Over 42% of all transportation, communications, and utilities workers are organized — a higher rate of unionization than that found in the manufacturing sector. Moreover, 43% of all government workers are organized. In

**Major Industries in the Private Service Sector  
Non-Supervisory Workers, 1984**

Industry	No. of workers (in thousands)	Avg. weekly wages	Avg. workweek (hours)
Total private services	18,382.0	\$250.59	32.8
Health care	5,465.8	251.88	32.5
hospitals	2,734.7	291.38	34.0
nursing homes	1,005.9	169.56	31.4
doctors offices	760.6	233.01	30.7
Business services	3,555.1	266.45	33.6
temporary office help	630.8		
building services, janitorial	555.3	177.41	28.8
computer and data processing	397.3	411.18	38.5
Membership organizations	1,501.3		
Education			
private schools and colleges	1,247.3		
Hotels, motels	1,109.9	167.55	30.8
Recreation	722.7	204.08	30.1
Auto repair and service	577.0	271.70	38.0
Engineering and architecture	534.7	476.01	39.9
Personal services			
laundry, cleaning	326.7	191.30	34.1
beauty shops	294.6	167.27	29.5

Source: Bureau of Labor Statistics.

both cases, the average wages for these "service-producing" workers, and their level of unionization, exceed wages and unionization for workers in manufacturing.

A more narrow definition of the service sector limits the sector to those privately-owned industries which provide personal, business, or professional services. Under this definition, 18.4 million non-supervisory workers are classified as service workers. The largest group of workers in this category is health care workers, who represent 5.5 million employees, or 30% of the total number of service workers. The second largest group of workers in this category is the 3.6 million workers that provide business services, representing almost 20% of all service employees. Health care workers and business service workers also represent the industries with the greatest em-

ployment growth. Health care employment has increased by 33.4% since 1979; business service employment has grown by 43%.

Within the private service sector, only 8.8% of the workers are organized — a cause for real concern in the trade union movement. Moreover, the private service sector as a whole is one of the most rapidly growing sectors of the economy, with a sector-wide increase in employment of 21.3%. The fear is that more and more non-union service jobs will be created, further diminishing organized labor's strength. Several factors, however, indicate that these fears may be exaggerated.

## Health Care Organizing

Over the last decade, the number of non-supervisory workers in the private

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## Service Sector

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sector increased by 5.9 million workers. But over 1.7 million of these new workers were added in the health care industry, where rapid unionization is under way. Even in those parts of the health care industry that are most difficult to organize, innovative union campaigns are producing results.

One of the fastest growing parts of the health care industry, for example, is the home health care sector. Home health care workers are scattered among 7,000 different employers and work in the isolation of private homes; most make only the minimum wage. But in New York state, 18,000 home health care workers have already organized and won significant gains in wages and benefits. In the Philadelphia area, the National Union of Hospital and Health Care Employees has launched a radio campaign and leaflet distributions at bus stops in an attempt to reach home health care workers who cannot be contacted through more conventional means.

In one month, the union signed up over 600 new members.

Union organizing campaigns in the service sector, including campaigns in the health care industry, have been met with extraordinary management opposition. The Service Employees International Union, however, recently won an election among 1200 hospital workers in Los Angeles despite a strong anti-union management campaign. SEIU's successful tactics included house calls to over half the workers, and strict adherence to the hard issues throughout the organizing drive. In the last six months of 1984, there were 17 union election victories in units with over 200 workers — 4 of the 17 involved hospital workers.

Over the last few years, the SEIU has joined forces with the United Food and Commercial Workers in a coordinated effort to organize the 50,000 workers at Beverly Enterprises — the nation's largest nursing home chain. Despite in-

tense management opposition, from November 1983 to April 1984 SEIU and the UFCW won 15 out of 18 elections at Beverly homes — an 83% win rate. In one year alone, they organized 28 Beverly homes in the South, with only six election losses.

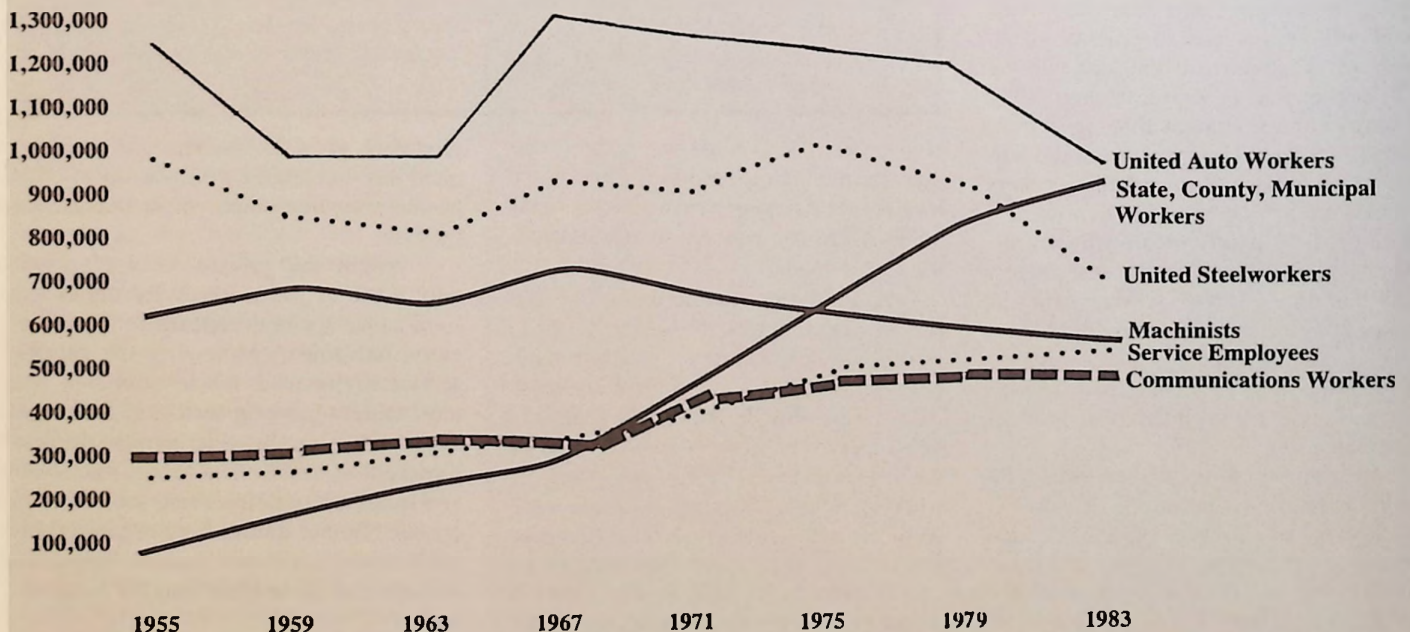
The SEIU and the UFCW have made organizing a top priority and achieved significant results. The SEIU has increased its strength by merging with small independent unions and through a steady commitment to organizing. Between 1980 and 1984, SEIU added 230,000 new members — a 37% increase. SEIU is now the fifth largest union in the AFL-CIO. Over the 1979-1983 period, the UFCW added 200,000 new members despite formidable opposition from employers.

### Employment Trends

Many of the fastest-growing parts of the service sector, such as health care and

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### U.S. Union Membership Trends 1955-1983

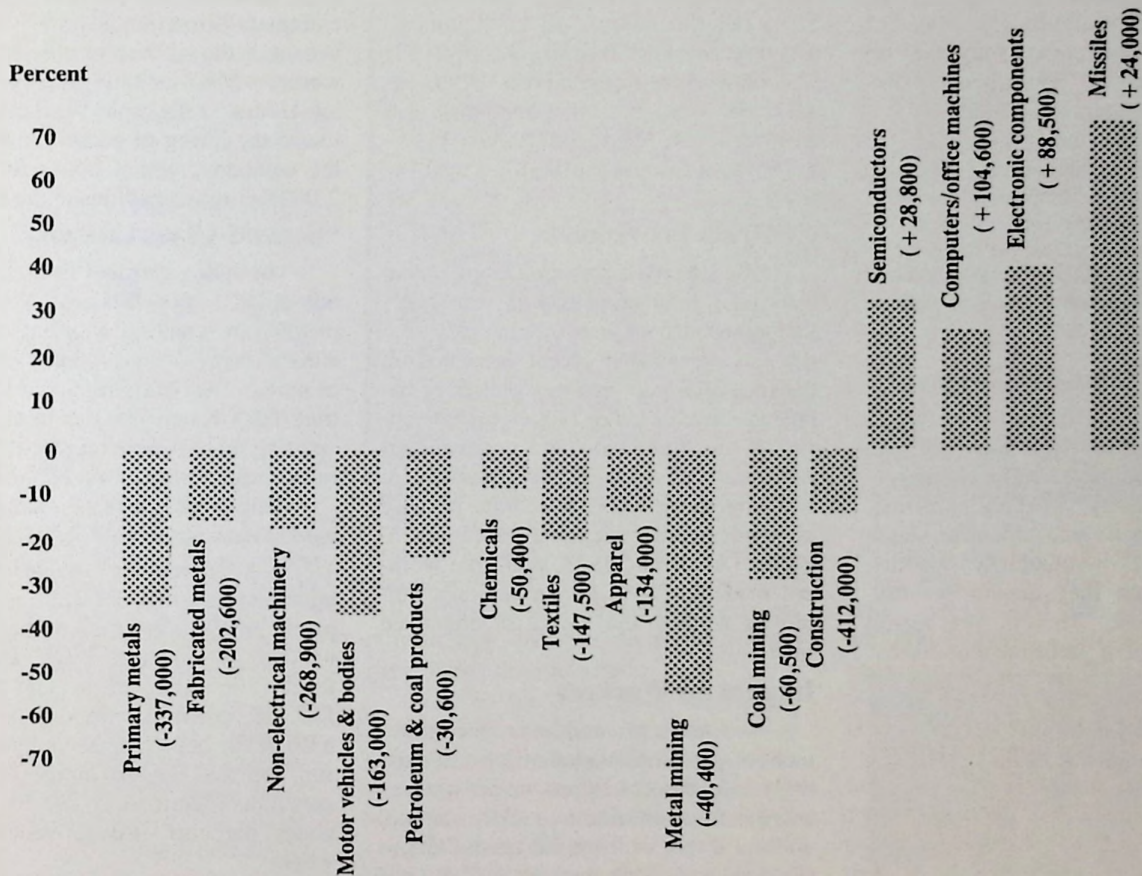


Source: Bureau of Labor Statistics.  
Economic Notes, Oct. 1985.

## Service Sector

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### Employment Changes by Industry, Production Workers 1979-1985



Source: Bureau of Labor Statistics.  
Economic Notes, Oct. 1985.

education, have proven to be fertile ground for union organizing efforts. At the same time, many of those parts of the service sector that are the most difficult to organize are in decline. For example, many of the workers employed in personal services such as laundries, beauty shops and funeral homes, are "service" workers in the strictest sense of the term, scattered in small establishments which are difficult to organize. The number of workers employed in most of these industries has declined, however, as a portion of overall employment and as a portion of all service industry employment. In many cases, such as laundries and dry cleaners, the number of workers has actually declined over the last two decades.

Within the broader service-producing sector, the greatest growth in employment since 1979 has occurred in the communications, utilities, wholesale, retail, and finance, insurance, and real estate industries. In communications, the Communications Workers of America has launched several major organizing campaigns, including a new international multi-union campaign against IBM and all its subsidiaries. Despite deregulation, employment in communications has increased 5.7% since 1979.

Over the same period, employment in the wholesale industry increased by 6.1% to 4.5 million. Almost 60% of these workers are employed in durable goods wholesaling, including 1.1 million work-

ers concentrated in wholesale machinery. Employment in retailing increased by 9.3% to 14.7 million workers. The greatest growth was in food store employment, where the UFCW has scored several recent organizing victories. The largest and perhaps most difficult sector to organize in the retail industry is the restaurant and bar sector, which employs almost 5 million workers, many of whom work part-time.

But within the more broadly defined service-producing sector where several industries have low rates of unionization, organizing is possible and employers are in a position to meet union wage demands. The retail, wholesale, banking,

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## EMPLOYMENT TRENDS

# Part-time Workers

By Andrew Remes

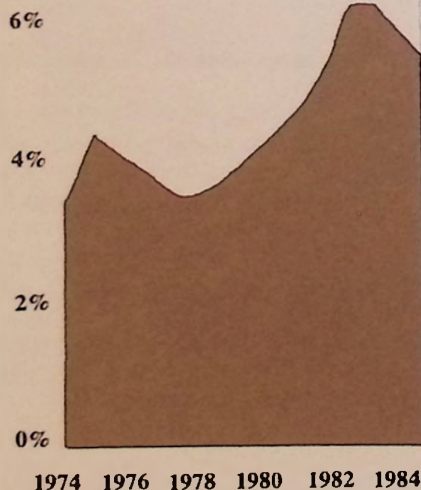
The growth of part-time employment as a proportion of total employment in the United States is a significant aspect of changes in the workforce. According to the AFL-CIO report, "The Changing Situation of Workers and their Unions,"

The growth of the workforce is creating new patterns in which working people are less likely than in the past to be long-term, full-time employees. Increasingly, workers are members of two-earner families and even three-earner families in which one or more individuals work part-time.

## Rise of Part-Time Employment

Presently, about 20% of the workforce holds a part-time job. Roughly 13% of the workforce, or 12 million employees, are "voluntarily" working part-time, according to the Bureau of Labor Statistics. The rest are "involuntarily" working part-time because they cannot get full-time employment. This is the fastest growing segment of part-time employees.

**THE GROWTH IN INVOLUNTARY PART-TIMERS**  
Percent of Work Force  
Involuntarily on  
Part Time



Source: Bureau of Labor Statistics.

Andrew Remes is an LRA research associate and a member of ITU Local 6.

From 1970 to 1982, the number of "voluntary" part-time workers rose nearly 33%, but the number of "involuntary" part-time workers rose 166%. In 1982, 32% of workers in the wholesale and retail trades were part-time; among service workers, 24.3%; finance workers, 11.6%; and manufacturing workers, 8.4%.

## Contract Provisions

The spread of part-time employment rests on a number of factors, especially the unprecedented level of unemployment that has prevailed in recent years both in the recession and recovery phases of the business cycle. Other factors include advances in automation and computerization, and the entry of large numbers of women into the workforce for the purpose of supplementing declining real family income. (As of mid-1983, part-time workers made up 30% of the nation's employed women and 13.1% of employed men.)

## Impact on Workers

The use and conditions of employment of part-time workers figure increasingly into the conditions of all workers and the situation of unions. For example, under a directive from the federal Office of Personnel Management (OPM), the length of time that temporary workers may work for the federal government was extended from two to four years, at a payroll saving of \$3,500 to \$5,000 per year per worker, since those workers are denied such benefits as retirement and health insurance.

At the Ford plant in Rawsonville (Mich.), the United Auto Workers agreed to a contract provision which let Ford hire part-time workers to fill in as production rises and falls. At General Motors' Packard Electric Division in Warren (Ohio), the union accepted a provision that GM can bring in part-timers up to a maximum 10% of the company's workforce.

The recent settlement between the Transport Workers Union and Pan Am allows Pan Am to hire workers for a 5-day workweek of 5 hours per day at reduced pay, to help with operating peaks. American Airlines, which had already won the

right in negotiations in 1983 "to create some part-time positions, to be filled by current full-time employees," earlier this year won the right to hire more part-time workers. Most recently, the Western Union-United Telegraph Workers pact allowed the hiring of part-time workers by the company, which hopes to eliminate 2,000 full-time positions in the process.

## "Second-Class Citizens"

"In their eagerness to hold down labor costs," says Business Week, "employers are creating a group of second-class citizens — and risking a rising tide of unrest." Service Employee Union District 925's Karen Nussbaum charges that "putting more people on part-time is a serious restructuring of our economy."

This process affects a large group of workers in a number of key areas:

- A "three-tier" wage system. In addition to the two-tier wage systems now proliferating, part-time employment adds another substandard wage and benefit level. For example, at GM's Packard Electric, part-time workers are paid at 55% of the hourly wage and get no benefits. On average, in industry generally, part-timers earn only \$4.50 an hour, about half the private sector average wage.

- Avoidance of fringe benefit payments. Part-time workers are largely unorganized and lack union representation and support. Part-time employment enables employers to avoid benefit payments, and to circumvent state workers' compensation laws.

- Job security and part-timers. Although some unions have agreed to the employment of part-time workers in exchange for questionable job security for seniority workers, employers can use part-time employees as a buffer and source of division among full-time employees.

- Reducing the workforce. Employers can increase exploitation and productivity through peak-time scheduling and "flexible hiring." In this way, the regular workforce can be limited, while the employer takes no responsibility for the welfare of part-timers.

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## EMPLOYMENT TRENDS

## Unemployment Trends

By Ellen Poteet

Unemployment remains a factor in the life of one of every 15 workers in the U.S. despite the "economic recovery." The peaks in unemployment rates which marked the recession years of 1981 and 1982 have receded, but the unemployment rate has hovered above or at 7% for the last year.

White men constitute the largest number of those unemployed workers who are 25 years and older. But the unemployment rate for white men in this age group is the lowest — 4.2% — compared to 5% for white women, 10.6% for black men, and 11.1% for black women.

Unemployment figures for young workers continue to be higher than average, especially for black teenagers. Over 1.4 million out of a total of 3.4 million 16-19 year olds were without work in May of this year. Over 164,000 of those unemployed were black — or more than half of the black teenage working population.

Although the teenage population has declined since 1982, the inability of the economy to utilize the smaller number of 16-19 year olds reflects the system's underlying failure to incorporate teenagers and young adults into the labor force. Over 1.8 million 20-24 year olds are unemployed out of a total population of 13.4 million in that age group.

The total number of unemployed first-time job seekers from all age groups fell slightly between May of 1984 and May of 1985, from 1.145 million to 1.137 million. But for the 20-24 year old population, the number increased from 264,000 to 271,000. *Eligible workers are waiting longer before receiving a first job on which to build the skills and tenure necessary for employment security.*

### Industries and Occupations

Overall, the unemployment rate for May 1985 for service occupations was 8.9%, up from 8.7% for 1984; for craft and precision production, 6.5%; for operators, fabricators, and laborers, 10.3%; for construction laborers, 22.1%; and for the construction trades, 10.9%.

By industry, construction has the highest overall unemployment rate —

*Ellen Poteet is an LRA research associate.*

### Unemployed Persons by Industry

	Thousands of persons		Unemployment rates	
	May 1984	May 1985	May 1984	May 1985
Total, 16 years & over	8,154	8,011	7.2	7.0
Mining	90	81	8.9	7.5
Construction	799	579	14.2	9.9
Manufacturing				
Durable goods	868	972	6.7	7.4
Nondurable goods	631	651	7.2	7.5
Transportation & public utilities	318	307	5.4	4.9
Wholesale & retail trade	1,617	1,640	7.7	7.5
Service industries				
Professional services	509	520	4.2	4.3
Other service industries	815	922	8.7	9.4

Source: Bureau of Labor Statistics, May 1985

9.9% — with service industries other than professional services running a close second at 9.4%. In both the manufacturing and service sectors, the number of unemployed and unemployment rates have risen during the past year.

One of the indicators used by the government to measure the severity of unemployment is information on job losers (workers once employed but now involuntarily without their previous jobs) versus job leavers (workers who "voluntarily" leave their jobs). A decline in the number of job losers with an ease in job leavers is considered a sign of an improving employment situation. Both trends were present from May 1984 to May 1985. The unemployment figures for specific industries, however, present a different picture. The decrease in job losers attests to a relative slowdown in plant shutdowns and layoffs. But it is not proof of growth in industrial employment. Indeed, manufacturing employment is still over 1.7 million below the 1979 level.

### "Displaced" Workers

A January 1984 study by the Bureau of Labor Statistics identified 5.1 million "displaced" workers, or workers who lost their jobs due to layoffs, plant closings, or "slack work" who were 20 years and older and who had their jobs for 3 years or more. The study covered the period from January 1979 to January 1984.

Of the 5.1 million workers studied,

2.5 million, or nearly half, were manufacturing workers. Over two-thirds of those were in the durable goods industries, where 220,000 steel workers, 400,000 machine workers, and 350,000 auto workers lost their jobs. Over 500,000 workers in the so-called service sector also lost their jobs.

Of the 5.1 million workers, 2.8 million, or 55%, found jobs by January 1984. The ability of the service sector to reincorporate former employees exceeded that of manufacturing. But the service sector demonstrated only a limited ability to absorb displaced workers from other industries. Only 8% of the rehired workers from the durable goods industries, and only 4% from the non-durable goods moved into service jobs — an insufficient number to counterbalance the number of manufacturing workers still unemployed. The option of work in services is not only absent for a large number of manufacturing workers, but also for more than 20% of the 506,000 displaced service workers.

### Full Employment Policy Needed

No one industry can absorb the millions of unemployed. Workers can shift from industry to industry, but moving the pieces of the puzzle around does not mean a larger final picture. Only an active government full employment policy will alter the social waste and hardship of continued and growing mass unemployment. □

# Economic Clips • Economic Clips • Economic Clips

## Bargaining

A U.S. Court of Appeals recently reversed a National Labor Relations Board ruling that allowed the new management of a company to refuse to bargain with the union. The Court upheld the United Food and Commercial Workers bargaining rights on the basis of the fact that the company continued the same work at the same place using the same methods of production. Closing and then reopening the company with a new board of directors does not constitute grounds for management's bypassing the bargaining table.

The case concerned a plant which closed on October 1977 after the expiration of the union's bargaining agreement, and reopened in February 1979 with updated equipment, fewer workers, and a new board of directors. The company refused to bargain with the union on setting wages and benefits and on rehiring laid-off workers, despite the fact that production procedures remained essentially the same.

## Mortgage Defaults

Between 1974 and 1983, average monthly housing costs for homeowners with mortgages rose from 17% to 20% of income. Monthly costs increased from \$210 to \$463 — a 120% increase — while average incomes grew only 94%, from \$16,000 to \$31,000. Not surprisingly, the first quarter of 1985 showed the highest rate of mortgage delinquencies for 9.2 million homes surveyed since 1953 when the survey began.

Many homeowners counted on the value of their homes rising with continued inflation. The recession slowed the rise in home values, and left many homeowners jobless. Those who kept their jobs often suffered wage concessions or were forced onto part-time schedules, which reduced their ability to meet mortgage payments.

Mortgage companies and banks have reacted to late or absent payments by raising premiums on fixed-rate mortgages, which further reduces the number of people who can afford to buy homes.

## High Dollar Hurts Industry

An article published in the latest edition of the Quarterly Review of the Federal Reserve Bank of New York explains that the high dollar is the main reason for the lackluster performance of domestic capital goods industries in the face of economic expansion.

Despite the fact that domestic spending on capital goods has grown by more than 30% in real terms since 1982 — more than twice the pace in an average economic recovery — domestic capital goods sales are still 4.5% below the previous peak in 1980. "Thus, despite the healthy spending picture, capital goods producers have yet to recover sales lost during 1980-82." We would add that employment in the capital goods industries is down significantly as a result. In the metalworking machine industry, employment is down 15%; in farm machinery, it's down 44%; in electrical machinery it's down 18%; in construction machinery it's down 32%.

## WINTER ECONOMIST TOUR

LRA's travel division, Counterpart Tours, will conduct a Winter study tour to the Soviet Union for economists and others interested in learning first-hand about the workings of socialist economies. The trip is sponsored by the All-Union Central Council of Trade Unions of the Soviet Union and will include a unique combination of education and entertainment.

**Economist Tour:** \$1400. December 26-January 28. Visit Moscow, Leningrad, and Kiev. Price includes round-trip airfare from New York, all travel inside the USSR, all hotels, meals and entertainment. For more information, write or call:

Paul Becker  
Counterpart Tours  
Room 1428  
250 West 57th Street  
New York, N.Y. 10019  
(212) 245-7501  
(800) 223-1336

## Miners Federation

The International Federation of Mining and Energy Workers (IFMEW) was founded last month at a meeting in Paris. The new federation is composed of 40 unions of miners and energy workers, including unions representing workers in Great Britain, Australia, Greece, the Soviet Union, the Eastern European countries, several Middle East nations, and ten African states. Arthur Scargill, President of the British National Union of Mine-workers, will head the IFMEW, which will be based in Paris with a sub-office in Sheffield, England.

The significance of the founding of the new federation cannot be overestimated. It cuts across national boundaries and cold war divisions which have crippled international trade union unity and weakened labor's fight against transnational corporations. All of the unions formerly affiliated with the World Federation of Trade Unions' international miners federation, along with some unions formerly affiliated with the International Confederation of Free Trade Unions, have now joined together in the new federation. The WFTU miners' international was dissolved into the new federation at its founding.

## Machinists Meet

In another important development towards international trade union unity, William Winpisinger, President of the U.S. International Association of Machinists, led an IAM delegation to meet with leaders of the Italian Transport Workers' Union and the Communist-led General Confederation of Italian Labor. The GCIL is the largest labor federation in Italy. The meeting focused on the common problems faced by U.S. and Italian transport workers and established plans to hold regular exchanges between the IAM and the GCIL. This meeting signalled yet another step towards overcoming the ideological and political obstacles that stand in the way of international trade union unity.

## Service Sector

(continued from page 7)

and insurance industries, for example, are dominated by a small number of large employers with workers concentrated in key locations. In retailing, where less than 9% of the workers are organized, the 50 largest companies employ 3.6 million workers, or 25% of all workers in the industry.

Of the 1.8 million department store workers, Sears Roebuck, K-Mart, and JC Penney alone employ almost one million, many of whom are concentrated in large stores and warehouses in urban areas. Retail workers have a great incentive to organize. The wage gap between union and non-union wages in the retail trades is larger than in any other industry — \$350 vs. \$225 per week on average for union vs. non-union retail workers, or \$6,500 per year per worker.

The largest 100 commercial banks employ half of all banking employees. With after-tax profits averaging \$8,730 per employee in 1984, the commercial banks can well afford to meet union wage levels. The ten largest life insurance companies employ almost one quarter of a million workers, many of whom are located in large centralized offices. With an average after-tax profit of \$7,611 per worker in 1984, the large life insurance companies are in a position to meet union wage demands.

Although there has been much talk about trends in the goods-producing sector vs. trends in the service-producing sector, workers in both sectors face common conditions and concerns. In both sectors, most workers are employed by large corporations which derive profits from the labor of the workers. In both sectors, union membership brings significant gains in wages, benefits, and working conditions. And in both cases, there is still much organizing to be done.

## Part-time

(continued from page 8)

• **Discrimination in employment.** According to AFL-CIO economist John Zalusky, "part-time work depends on there being a lot of unemployment. So it tends to fall most heavily on those who were last hired, such as women and blacks." Many new industries have, as a result of

technological advance, been shifted to the home, as in the case of computer services, where home computers are linked to main offices by telephone. About 450 businesses across the country have formal and informal programs involving about 100,000 telecommuters.

## Union Response

The rise of part-time work as a proportion of total employment poses new challenges for the trade union movement. First, it is necessary to hold the line on the introduction of part-time work that displaces full-time jobs. Second, part-time employees must be organized, especially in the retail trade and other service indus-

tries. Organizing part-time workers is also important in the industrial sector where jobs previously held by full-time union members are now contracted out to non-union employers who utilize part-time employees. In addition, it is of critical importance in the effort to expand union representation for young people, minorities, and women.

Sources: *Monthly Labor Review*, June 1985, August 1984, August 1983; Bureau of National Affairs' *Employee Relations Weekly*, 2/18/85, 1/28/85, 4/2/84; *Daily World*, 3/16/84, 3/14/85; *Business Week*, 4/1/85; *New York Times*, 3/24/85; *Wall Street Journal*, 8/8/85; Bureau of Labor Statistics, *Neas*, 8/16/85; "The Changing Situation of Workers and Their Unions," Report by the AFL-CIO Committee on the Evolution of Work, Feb. 1985.

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**Facts and Figures**

	Consumer		Average Hourly Wages <sup>2</sup>	Real Hourly Wages (in 1977 \$) <sup>3</sup>	Wage Index <sup>4</sup> (in 1977 = 100)	Official Unemployed <sup>5</sup> (in millions)	Official Unemployment Rate <sup>6</sup>	LRA Underemployed <sup>7</sup> (in millions)	LRA Underemployment Rate <sup>8</sup>	Avg. Weekly Hours in Manufacturing <sup>9</sup>	Avg. Overtime Hours in Manufacturing <sup>10</sup>	Industrial Production (1977 = 100) <sup>11</sup>	Work Stoppages <sup>13</sup>		
	Price Index (1967=100)	% Change from Year Ago											Union Wage Changes <sup>12</sup>	Days Idled (in millions)	Number of Stoppages
1982	288.6	6.0%	\$7.68	\$4.82	93.2	10.68	9.7%	23.52	19.9%	38.9	2.3	1982	3.6%	9.06	96
1983	297.4	3.0	8.02	4.87	94.6	10.72	9.6	23.41	19.5	40.1	3.0	1983	2.8	17.46	81
1984	307.6	3.4	8.33	4.92	94.6	8.54	7.5	20.4	17.0	40.7	3.4	1984	2.4	8.49	62
Sep 1984	312.1	3.8	8.40	4.90	94.2	8.37	7.4	19.75	16.5	40.6	3.3	1985 (I)	3.0	1.24	10
Oct	312.2	3.6	8.38	4.88	94.0	8.37	7.3	19.69	16.4	40.5	3.3	(II)	2.9	.89	7
Nov	311.9	3.5	8.42	4.90	94.5	8.14	7.1	19.55	16.3	40.7	3.4	Corporate Before Tax Profits <sup>14</sup> (annual rate, \$ billions)			
Dec	312.2	3.5	8.48	4.92	94.9	8.19	7.2	19.77	16.4	41.2	3.4	1984			
Jan 1985	312.6	3.3	8.44	4.89	94.5	8.48	7.4	20.05	16.6	40.3	3.3	Quarter I		\$277.4	
Feb	313.9	3.5	8.49	4.90	94.7	8.40	7.3	19.52	16.1	39.7	3.3	II		291.1	
Mar	316.7	4.0	8.53	4.91	94.5	8.40	7.3	19.75	16.3	40.3	3.3	III		282.8	
Apr	316.7	4.1	8.54	4.89	94.4	8.43	7.3	19.72	16.3	40.2	3.4	IV		291.6	
May	317.8	4.1	8.55	4.89	94.3	8.41	7.3	20.29	16.6	40.4	3.1	1985			
June	318.7	4.1	8.57	4.89	94.4	8.41	7.3	20.29	16.8	40.4	3.2	Quarter I		292.3	
July	319.1	3.8	8.57		94.3	8.45	7.3			40.3	3.2	II		297.3	
Aug	319.7	3.0	8.60			8.13	7.0			40.5	3.3				

1. The Consumer Price Index is for Urban Wage and Clerical Work (CPI-W), published monthly by the Bureau of Labor Statistics (BLS), U.S. Department of Labor, commonly used in determining COLA formulas for union contracts.

2. The average hourly wage figure is for earnings of production or nonsupervisory workers on private nonagricultural payrolls, seasonally adjusted, published monthly by the BLS.

3. The real hourly wage figure is equivalent to the average hourly wage in column 3 deflated by the CPI-W of column 1. It is published monthly by the BLS, seasonally adjusted.

4. The wage index is the index of real hourly wages from column 4 with the 1977 real hourly wage as the base year. The figures show that the real wage is significantly below the 1977 level — 5.7% below in September 1984. The wage index data are published monthly by the BLS.

5. The official number of unemployed is published monthly by the BLS and designates the number of people actively seeking work.

6. The official unemployment rate is computed by dividing the official number of unemployed by the size of the civilian labor force.

7. The LRA underemployment figure is computed by adding to the official unemployment figure those who are (1) working part-time involuntarily for "economic reasons," i.e., because they cannot find full-time work; and (2) those who are listed as "wanting a job now" but are not actively seeking work because of school attendance, ill health or disability, home responsibilities, or because they do not think they can find a job. About 10% of the adult population not counted in the labor force are included in this category. This category does not, of course, include all those who are in school, disabled, ill, or with home responsibilities, but only those who

are in these situations but who "want a job now" and are able to work. The "want a job now" figure is computed on a quarterly basis by the BLS. LRA's monthly computations are based on the average quarterly "want a job now" figure and the monthly official unemployment and part-time employment figures.

8. The LRA underemployment rate is computed by dividing the number of unemployed in column 8 by the sum of the total official labor force and those "who want a job now" but are not counted in the official labor force.

9. The figure for average weekly hours in manufacturing is published monthly by the BLS, and includes all workers on payrolls, including part-time workers. As a result, it understates the length of the workweek for full-time employees. Consequently, we provide in the next column the figure for the average overtime hours of manufacturing workers.

10. Average manufacturing overtime is published monthly by the BLS. Overtime is considered all time worked in excess of 40 hours per week.

11. The Industrial Production Index is published monthly by the Federal Reserve Board.

12. Union wage changes designate the average annual percent wage increase over the life of contracts negotiated in that year for workers in bargaining units of 1,000 workers or more. The figures are published quarterly by the BLS.

13. Total work stoppages and the number of days lost due to work stoppages are published monthly by the BLS and include only those stoppages occurring in bargaining units of 1,000 workers or more.

14. Before-tax corporate profits, including capital consumption adjustments (CCA) and inventory valuation adjustments (IVA), are published quarterly by the Bureau of Economic Analysis. This figure shows the general trend in profits but is a conservative estimate of total cash flow.