

U.I. Extension Bill Goes to Gov

The California Labor Federation's bill to lower the trigger for extended unemployment insurance benefits for victims of the persistent recession in California, passed the Senate floor this week and now goes to the Governor's desk.

The measure, **AB 1095**, by Richard Floyd, D-Carson, cleared the Senate Appropriations Committee last week, in the face of opposition by the state Employment Development Department and the employer lobby.

Should the Governor sign the bill, it would mean an extension of 13 additional weeks of unemployment benefits when the insured jobless rate reaches 4 percent instead of 6 percent, where the trigger cur-

rently is pegged.

"This bill is needed to make the extended benefits program meaningful," said Jack Henning, executive officer of the Federation.

"The current trigger is so high that it's practically never pulled.

"A 6 percent insured unemployment rate means about an 11 percent official unemployment rate," he pointed out.

The insured unemployment rate reflects only those workers who are receiving unemployment benefits.

With the enactment of AB 1095, benefits would begin when the "official" rate, as announced by the government, reaches about 7.5 percent.

Over 40,000 unemployed Cali-

fornia workers are exhausting their basic 26 weeks of unemployment insurance every month.

People are often forced onto welfare and homes are lost, especially during the lingering recession. There's a direct correlation between the number of workers exhausting their unemployment benefits and increased AFDC caseloads.

The extended benefits would have the effect of pumping another \$200 million into the state's economy, benefitting the private sector as well as jobless workers.

"Nobody gets rich on California's unemployment benefits," said State Senator Barry Keene, who carried the bill in the Senate.

"While there's been some

improvement in the weekly benefit, the maximum is still only \$210 a week, and California's benefits are still among the lowest in the nation.

"On the other hand, the Unemployment Insurance Fund has a current balance of more than \$4 billion.... It makes a lot more sense than paying out welfare benefits to the same people," he said.

Passage of AB 1095 is particularly timely in view of the fact that President Bush refused to declare a state of emergency last month, thereby denying additional unemployment benefits to some 500,000 Californians.

The Senate vote was 21-13, with one Republican, William Craven

from Oceanside joining 19 Democrats and one Independent, Lucy Killea of San Diego, voting for passage.

Voting against the bill were Robert Presley, a Democrat from Riverside joining 11 Republicans and Quentin Kopp, a San Francisco Independent.

AB 2104 by Tom Bane, D-Van Nuys, will reach the Governor's desk as well.

The bill will address the health concerns of workers who sit for long hours at video display terminals. It requires compiling research on the effects of continuous exposure to low-frequency magnetic radiation emitted by the terminals.



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Bill Robertson, secretary-treasurer of the Los Angeles County Federation of Labor addresses demonstrators from the Southern California Typographical Union, Local 17 in front of the Los Angeles Daily News at Woodland Hills. In negotiations for more than a year, the union is protesting job losses in the composing room and plate-making operations at the paper. C.B. Hughes, president of Local 17 is standing to the left of Robertson.

Protest at L.A. Daily News

Members of Southern California Typographical Mailers Union, Local 17, demonstrated in front of the Los Angeles Daily News last Friday to let the public know the newspaper is determined to eliminate their jobs.

The paper, owned by Jack Kent Cooke and managed by people who have little experience in the print media, has been taking away union jobs in the composing and plate rooms over the last several years in an apparent effort to cut operating

costs.

In February, the Daily News signed a first time contract with its editorial staff, represented by the Los Angeles Newspaper Guild (see separate story, page 1). Now the paper has turned its wrath on the Typographical members.

For some time now, each three-year contract with Local 17 has resulted in the union having to slowly surrender some jurisdiction. The company's excuse had always been that it needed to automate

printing methods.

But union officials are convinced this was only a guise to get rid of the union altogether so management could ultimately move work out of the composing room to any location in or outside the building.

The goal, of course, is to produce the paper at less cost by other means and with other people.

The erosion of jobs in the composing and plate rooms over the years has benefitted the Daily News so well that it's been able to go from

a three day a week publication to a full seven day operation, resulting in an enormous increase in advertising revenues.

Circulation, meanwhile, has increased an estimated 400 percent, while the ranks of the union plummeted about 30 percent over the last 15 years.

Determined to protect members' jobs, the union is planning many more informational demonstrations similar to Friday's.

Workers at American Racing Equipment, Inc. in Rancho Dominguez, ratified their first-ever union contract last week. The 1,200 production and maintenance employees, predominantly immigrant Latinos, are members of Machinists District Lodge 94.

Organizing by the IAM began in the fall of 1990 after workers at the plant hit the bricks in a strike of their own making over unsafe working conditions and production speedups. The election victory came just 4 days before Christmas.

American Racing Equipment, makers of automobile wheels, became the largest factory organized by labor in the Los Angeles area in more than two decades. In fact, NLRB officials had said the election was one of the largest in the United States in 1990.

The organizing drive was particularly significant because the new members were low-wage immigrant workers.

Union negotiators went to work immediately to hammer out a first collective bargaining agreement. The negotiating committee was composed of workers from the plant and full-time IAM reps. Negotiations were conducted primarily in English, then translated for the Spanish-speaking committee members.

The membership is said to be jubilant over the results achieved last week.

"This agreement will bring about long-needed improvements in working conditions for the mostly immigrant work force," said Tom Hurd, grand lodge representative and chief spokesman for the union.

"This first agreement is a good one. It's as good as it is because I had the help of a very strong, mili-

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Small Step in Dredging Crisis

A small step was taken this week to alleviate the dredging crisis in San Francisco Bay that threatens to cripple the area's \$5 billion maritime industry. About 100,000 jobs are affected.

A federal fisheries agency agreed Wednesday to allow dredging needed for some bay projects. The largest is the \$71.5 million Carnation Terminal at Oakland. The Oakland Port is also allowed to continue development of the Mitsui Terminal, scheduled for completion in 1993.

The Port of Oakland alone gener-

ates thousands of jobs and pumps an estimated \$1.8 billion into the area's economy annually.

However, long-term solutions to the crisis still remain.

"It's a step in the right direction, but a small one," said Owen Marron, executive secretary of the Alameda County Central Labor Council.

"It's still not dealing with the substantial issue about what's going to be done about continuing the maintenance dredging until a new disposal site comes on line in a few

years," he said.

"I think the regional director of the fisheries made it real clear that this is only a compromise but they're still going to pursue their concerns about alleged dredging effects on fish in the bay.

"There's still a lot of work to do on this problem," Marron emphasized.

Maintenance dredging had been halted because of disputes among federal, state and local agencies concerned with the environmental consequences of dumping dredged spoils.

The effect of the dredging moratorium imposed by the National Marine Fisheries Service has been a long-term build-up of silt in shipping channels in the bay, causing vessels to hit bottom.

The prospect of paralyzing operations at both the San Francisco and Oakland ports drew strong reaction by labor and civic leaders this summer.

Last month, Jack Henning, executive officer of the California Labor

(Continued on page 4)

Alameda Plans To Privatize Firefighters

The City of Alameda revealed a plan this week to reduce its budget deficit at the expense of its union firefighters by contracting out fire services to a private company.

It would be the first private firefighting operation for any city in the state, reported Don Martinez in the San Francisco Examiner.

The plan drew strong reaction from Mike D'Orazi, president of the 98-member Alameda Firefighters Local 689. He considered the city council proposal a threat designed to win wage concessions.

"This whole thing is politically motivated," he said. "They think we're making too much money."

He noted that the city wants to get the union to agree to a 30 percent cut in raises scheduled to go into effect January 1.

Alameda is already contracting out services in parks and recreation programs, planning and some public works projects. The growing trend to privatize is a continuing threat to union workers across the country as state and local governments seek ways to balance their budgets, frequently on the backs of workers by reducing labor costs.

Fire Captain Vince Maloney, an

official of the union, pointed out that his department is already operating at a dangerously low staff level.

"I've done a lot of research on this privatization issue," he said, "and I've learned that the first thing these private fire service companies do is cut manpower, increase working hours and cut wages."

"If we get a private fire company in this city, residents can expect longer response times with less personnel and less equipment."

The prospect of reducing staff levels is unacceptable, said Maloney. "We have nine firefighters responding to a first-alarm situation when nationally accepted standards indicate that we should have 12 firefighters on the scene."

Maloney also stressed that if the city council does dismantle its fire department and go private, the entire matter could wind up in court with the focus on the council's "abrogation of public responsibility."

"The price you pay is a reduced level of service," Maloney said of private fire service companies.

Chief Bob LaGrone, who was

Labor Day Honorees

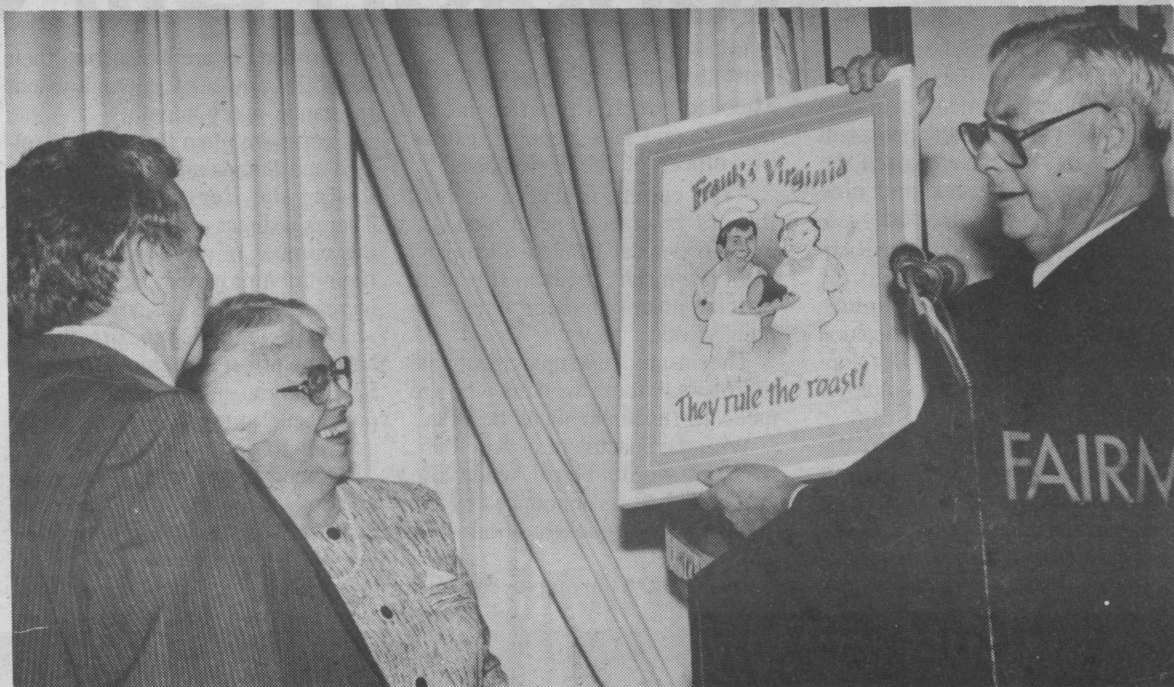


Photo by Jane Philomen Cleland

Frank Souza, left, and his wife Virginia received a special award for their years of support and service to the labor movement at the San Francisco Labor Council's traditional Labor Day Breakfast. Souza, a vice president of the California Labor Federation, is retired as directing business representative of Machinists District Lodge 190. The couple, also known for their abilities in the culinary arts, is given a plaque by Walter Johnson, secretary-treasurer of the S.F. Labor Council. Also featured at the event were United States Senator Bennett Johnston, Democrat from Louisiana, who was the principal speaker, and Chuck Mack, president of Teamsters Joint Council No. 7, who also addressed the crowd at the Fairmont Hotel.

sent by the city council to Scottsdale, Arizona, recently to study the private fire company in operation there, said "...I think municipalities tend to lose control of such a department and there may be difficulties reaching a mutual aid agreement with other local fire departments."

The Scottsdale company is Rural

Metro Corporation and runs fire services in other states.

Fire department officials in Alameda point out that it's a distortion of reality to use Scottsdale as a "model" community because since its inception every single structure in the city has been equipped with a sprinkler system.

Thus far, strong union opposition has extinguished efforts by municipalities to contract for fire services in California.

The Alameda city council declared it's about a month away from issuing a formal request for proposals from private fire protection companies across the country.

Back Pay for 200 at Daily News

Reporters, editors, copy editors, photographers, librarians, artists and editorial clerks at the Los Angeles Daily News will get annual pay raises withheld from them during a successful organizing drive conducted in 1989 by the Los Angeles Newspaper Guild.

The editorial employees voted 2 to 1 for the Guild in a representational election.

The decision by the National Labor Relations Board supports the findings of an administrative law judge who had ruled that the company acted improperly in holding back the raises from June 1989 through February 1991 in order to dissuade workers from supporting

the Guild.

"Annual merit raises were cut off when we began bargaining," said Jim Smith, Guild administrative officer.

The award means lump sums will go to about 200 past and current employees on an individual basis to be decided by the NLRB.

"The amount that each worker gets will range from the hundreds to the thousands," said Smith.

"The total could be as high as half a million dollars. We're still waiting for the paper to respond as to when and how they're going to pay it," he said.

Some workers could be in line for two raises if they were scheduled for one two years ago.

In February this year, a new contract was hammered out, rectifying many pay inequities that had lingered for years. The members also won an improved grievance procedure, binding arbitration, job security, four weeks vacation after 10 years and maintenance of medical benefits through 1992.

The paper, which circulates in the San Fernando Valley area, has a circulation of about 200,000 and is considered a very profitable daily.

Cooke, who also owns the Washington Redskins football team, bought the paper in 1985 from the Chicago Tribune.

Fire Victims Need Help

Two AFL-CIO representatives, liaisons with the Red Cross and United Way, have been sent to Hamlet, North Carolina, to coordinate labor relief efforts for victims of the fire at the Imperial Food Products chicken processing plant.

The two AFL-CIO community service representatives are Chuck Johnson and Judy Fitzgibbon.

AFL-CIO President Lane Kirkland urged labor groups to help and coordinate their activities through James Andrews of the North Carolina State AFL-CIO.

Contributions can be sent to: United Way of Richmond County, 101 Rockingham Rd., Rockingham, NC 28379. Checks should be made payable to: Hamlet Victims Assistance Fund. All contributions will be acknowledged.

"The House Education and Labor Committee, as well as the Senate Labor and Human Resources Committee, should take a look at this tragedy," Kirkland said, "to discover why no inspection had been made at Imperial and what may be happening in other states like North Carolina, which have been suffering from the effects of cutbacks in safety and health budgets at the state and federal levels."

Solari Hurt, Recovering

Yolanda Solari, president of the California State Employees Association, Local 1000 of the Service Employees and a vice president of the California Labor Federation, suffered fractured vertebrae in her neck on Labor Day when she was struck by a moped while walking across Exposition Blvd. in Sacramento on her way to present awards to CSEA members who had participated in a benefit marathon at the State Fair.

A CSEA spokeswoman reported that Solari's condition was first listed as stable when she was admitted to Sutter General Hospital. She has now improved significantly and there are no signs of paralysis.

Datebook

Executive Council, California Labor Federation: Sept. 18-19, Westin Bonaventure, Los Angeles.

Joint Legislative Conference: May 18-20, 1992, Radisson Hotel, Sacramento.

Executive Council pre-convention meeting: July 22-24, 1992, Grand Hyatt Hotel, San Francisco.

19th Biennial Convention of the California Labor Federation: July 27-29, 1992, Grand Hyatt Hotel, San Francisco.

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Greyhound Plan Shorts Workers

The Amalgamated Transit Union is expected to appeal the confirmation of a reorganization plan for Greyhound Lines approved by a U.S. Bankruptcy Court judge last week in Corpus Christi, Texas, allowing the struck bus company to emerge from Chapter 11 and become the country's only publicly owned national bus line.

Attorneys for the Transit Union told Judge Richard Schmidt the union was opposed to the plan because it didn't provide enough money for back pay claims that by now could exceed \$142 million.

Schmidt had earlier ruled the union members' back pay should not exceed \$31.25 million.

He had no suggestion as to how Greyhound should come up with

more money than that, but expected the company and the union to settle the claim, brought on behalf of the union drivers by the NLRB, before it's heard in a Milwaukee Administrative court where proceedings could drag on for some time.

Peter Shinevar, attorney for the union, said, "I think the reorganized Greyhound still has a very big cloud hanging over its head."

Schmidt's decision ends Greyhound's Chapter 11 case that began in June 1990, three months after its more than 6,000 drivers struck over wages and benefits.

Since the 17 month old strike began, the union drivers have been replaced by scabs. There are now only a little over 3,000 drivers

working, severely curtailing the bus line's operations nationwide in addition to putting the public at risk. The company's business has been cut to half of its pre-strike activity.

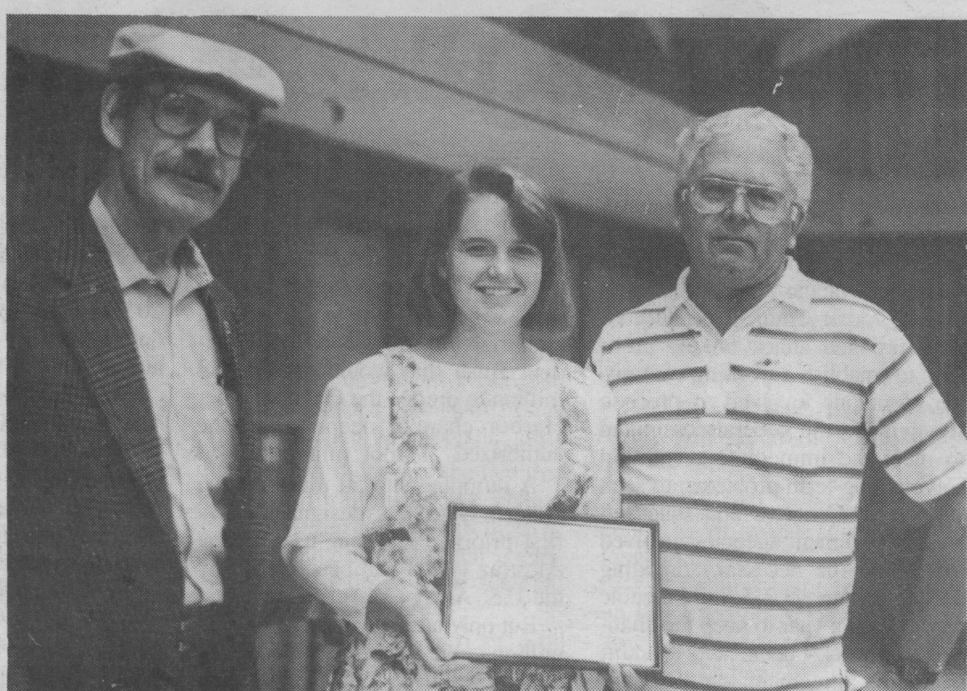
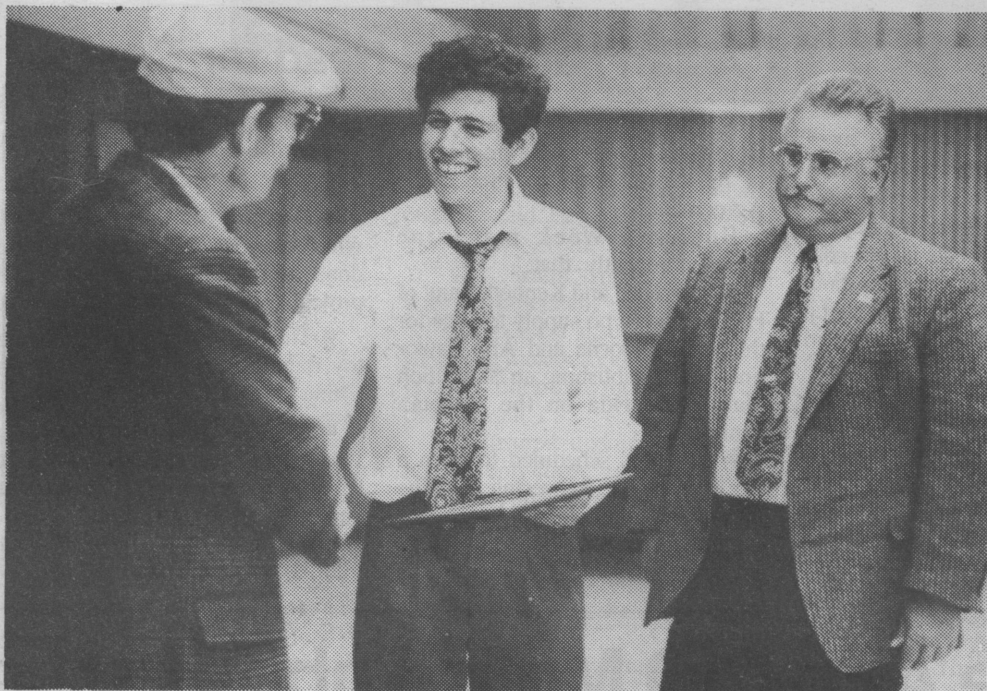
The creditors, who are owed \$539 million, will now become Greyhound's largest shareholders. Under the plan, the creditors will get 95 percent of the company and the remaining 5 percent will go to the employees.

President and CEO Frank Schmeider will stay in that position after the company goes public. He replaced Fred Curry, who was one of three corporate raiders who took the bus line private in a 1987 leveraged buyout. Curry stepped down in May of this year.

Just two weeks prior to last week's bankruptcy decision, the Federal Highway Administration demanded Greyhound's records, spanning the last five years, as the beginning of a safety investigation that will compare accidents involving union drivers versus the work of scabs.

An Albany, New York newspaper, doing its own investigation, concluded that the scab bus line was involved in twice as many wrecks in the state during the 17 month strike as it was during the prior five years.

Regardless of who owns and operates the bus line, there is still an array of unfair labor practices charges pending trial that have been lodged against Greyhound by the NLRB.



Scholarship Winners

Two winners of California AFL-CIO scholarships were honored recently at a meeting of the Alameda County Central Labor Council. At far left, Ben Hudnall, 1st vice president of the Alameda Council presents the scholarship award to Jason A. Bezis while co-sponsor Butchers Local 120's Walt Harrison looks on. In photo at right, Carrie Cole displays the

plaque symbolic of scholarship co-sponsored by American Federation of Teachers Local 771. She is flanked by Vice President Hudnall on her left and Lanny Holm, representing the Teachers Union.

State Workers Make New Proposal

A coalition of 10 state employee organizations, hoping to break the stalemate with the Wilson Administration, have come up with a new bargaining proposal for a contract, as negotiations go into their fifth month.

Trusting that the proposal will be adopted by the Administration, the coalition is hoping to avert an escalation of the continuing confrontation.

"If the state fails to act on this proposal in the face of overwhelming evidence that pay and benefit reductions are not necessary, we will continue our struggle for a decent contract," said Perry Kenny, director of CSEA's Civil Service Division.

Even though there are still 16,000 vacancies in state jobs, sta-

ble tax revenues and unprecedented retirements from state service, the proposal put forth includes:

1. All provisions of previous contracts for all bargaining units shall be extended through December 31, 1991.

2. Current negotiations shall be suspended.

3. During this contract extension period, employee organizations shall support a program of voluntary unpaid time off.

4. Tentative agreements reached during the current negotiations shall not be put into force, but remain tentative agreements for subsequent negotiations on successor contracts unless changed by mutual agreement of the parties.

5. Employees who voluntarily reduce their work weeks shall con-

tinue to receive all benefits, service credit and holidays as if they had worked the unpaid time off.

6. During this contract extension period, representatives of employee organizations and the state shall meet to assess the impact on the state's financial status of the voluntary work reduction program, retirements, vacant positions and revenue collections.

7. Negotiations shall resume December 1, 1991 for successor contracts to take effect January 1, 1992.

The California State Employees Association, representing about 78,000 of the 170,000 member coalition, is still poised to go on strike if necessary.

Strike sanction from the Service Employees International was granted two weeks ago.

CSEA has also been assured support from the California Labor Federation in a letter from Jack Henning, the Federation's executive officer. He promised to meet with CSEA on the establishment of a joint strike fund if a strike should develop.

"The coalition is doing all it can to bargain in good faith, but CSEA still plans a strike vote by the end of September or early October if the coalition's proposal is rejected and if impasse is reached," said Mike Myslinski, the union's spokesperson.

The Wilson Administration continues to move toward declarations of impasse in negotiations with the various state employee bargaining units.

If an impasse is declared by the Public Employment Relations Board, it could clear the way for unilateral imposition of the salary benefit and retirement rollback and mandatory layoffs the Administration is demanding.

The new coalition proposal was developed in response to the Administrations' withdrawal of demands for a freeze on merit salary adjustments and for the right to impose unpaid furloughs.

Those items represented a 15 percent cut for state workers.

The Administration still persists in demanding pay and benefits cuts up to 15 percent including a five percent pay reduction, cuts in over-

time, increases in parking fees and increased costs for health care coverage.

Employee anger level is sky high in the face of Administration draconian cuts in employee pay and benefits believed to be for punitive rather than rational reasons.

The Governor has already taken \$1.7 billion from the retirement reserves and forced newly-hired workers to take an inferior retirement plan.

The proposal has the full support of the coalition member unions and organizations.

Coalition member organizations are: California State Employees Association, SEIU Local 1000; Union of American Physicians and Dentists; American Federation of State, County and Municipal Employees; California Assoc. of Psychiatric Technicians; California Assoc. of Highway Patrolmen; California Dept. of Forestry Employees Assoc.; Assoc. of California State Attorneys; Professional Engineers in California Government; California Assoc. of Professional Scientists; and the California Union of Safety Employees.

Governor Vetoes Four Labor Bills

Governor Wilson vetoed four bills this week, all of which were supported by the California Labor Federation.

AB 15 by Willard Murray, Jr., D-Paramount, would have required the Industrial Welfare Commission to begin its biennial review of the adequacy of the minimum wage in January so that changes would go into effect on July 1 of the following year.

The last wage board the IWC convened to study requirements of the minimum wage was in 1987.

A similar bill was vetoed last year by then-Governor George Deukmejian.

AB 107 by Sally Tanner, D-El Monte, would have increased from 90 to 120 days the period within which a claim could be filed by the Labor Commissioner to collect unpaid prevailing wages for workers and penalties for contractors' violations.

violations.

The measure was sponsored by the State Building Trades Council and backed by the California AFL-CIO.

A bill to allow workers the right to have a copy of his or her personnel file within 10 days' notice to the employer was also effectively vetoed when the Governor sent **AB 1150** back to the legislature unsigned.

Under the current law, employees are permitted a look at their file, not copies. The bill was authored by Richard Floyd, D-Carson.

AB 291, also by Floyd, would have given state employees the right to review disciplinary actions taken against them and required a written notice of their right to representation by an employee organization. The bill was sponsored by the CSEA.

BART Pact Nears Approval

One of BART's two unions voted Tuesday to ratify the tentative agreement reached last week with management just as the strike deadline approached.

About 1,300 clerical and maintenance workers, members of United Public Employees Local 790 of the Service Employees Union, overwhelmingly approved the pact by a 503 to 66 vote.

Members of the Amalgamated Transit Union Local 1555, representing 600 station agents, train and telephone operators, are scheduled

to vote later today.

Of particular importance to the workers was the right to keep 160 supervisors in the union whom management had intended to split off.

Annual wage increases will be 4 percent, 4.1 percent and 5 percent. Retirement age is set now at 55 instead of 62. All workers will now be members of health maintenance organizations (HMOs), a move intended to combat runaway health care costs afflicting workers everywhere.

HERE Hits Hotels in East Bay

Locked in a major struggle to renew their contract with three East Bay hotels, members of Hotel and Restaurant Employees Local 28 took to the streets again, this time mounting their informational picket line in front of the Hilton Hotel at the Oakland Airport.

Also stalling to come to terms with the union are two other hotels, the Claremont at Berkeley and the Holiday Inn at Emeryville. As a trio, the hotels are bargaining as the East Bay Hospitality Associates.

After numerous bargaining sessions, there are just a few key issues remaining but management's current offer on health and welfare and wages is still far below acceptable levels.

"It's ridiculous that wealthy hotels are claiming poverty," said Patrick Hicky, union representative for Local 28.

Workers are presently expected to make co-payments of \$120 per month for family health care coverage and are extremely disturbed that management hasn't been taking them seriously during negotiations over the last three months.



Marching in front of the Hilton Hotel at the Oakland Airport, HERE Local 28 members make sure their message is heard.

Dredging...

(Continued from page 1)

Federation, called together union leaders to set priorities for confronting the crisis. The meeting, held in the offices of the Alameda County Central Labor Council, produced a three-pronged attack on the problem: to establish a working committee of unions involved to propose strategies to the general committee to meet the immediate crisis and solving long-term problems; to seek support of Congress and state and local government agencies involved to resume the necessary dredging needed to remove 7.5 million cubic yards of silt a year to keep the channels and docks open; and to campaign for agreement that environmental reports concerning bay dredging proposals include eco-

nomic and social considerations for the protection of working people and the general community.

At about the same time, Congressman Ronald Dellums, D-Oakland, amended a federal dredging authorization bill signed by President Bush that would provide \$3 million to dredge the Oakland Inner Harbor channel deeper than the authorized 35 foot minimum.

A dumping site 50 miles off the Golden Gate was designated as a first priority. The long-used site at Alcatraz Island had been closed by the U.S. Army Corps of Engineers.

But only a tiny portion of the 7.5 million cubic yards of silt needed to be removed from the bay is affected by the plan announced this week by the fisheries service.

I.A.M....

(Continued from page 1)

tant negotiating committee, made up of workers from the company and a dedicated in-plant committee that was always there when we needed help," he pointed out.

"It took time, but in the end, we had a first agreement we could be proud of.

"We feel from checking around that companies that hire predominantly Latinos have working conditions that are not near those of primarily Anglo companies," said Hurd.

Employees will receive a general 5 percent wage increase effective September 9, the day after the ratification vote.

That boost will be followed by a 4 percent increase in 1992 and another 3 percent in 1993.

The medical plan was improved and will include dental and vision care. The contract will contain seniority protection with promotional opportunities and recall rights.

There will be a grievance procedure set up that includes an arbitration clause.

Innovative benefits include paid bereavement leave, a steward system, a union safety committee, increased holidays and automatic wage progression based solely on longevity.

The new contract expires in 1994.

Teamsters Sign Seven Food Chains

Members of seven Teamsters locals ranging from San Diego to Santa Barbara got a new contract with seven major supermarket chains in Southern California after intensive all night bargaining sessions last Sunday.

The agreement will affect about 8,000 drivers, produce warehousemen and office workers at Vons, Ralphs, Stater Brothers, Food 4 Less, Albertsons, Lucky and Hughes.

Members ratified the contract by

an 83 percent affirmative vote immediately after negotiators reached a tentative agreement.

The package will mean \$2.53 in "hard money" across the board to every member, said Walt Pettitt, president of Teamsters Local 630.

There is a \$1.10 an hour wage increase to be applied in three increments, 88 cents goes to maintain health and welfare benefits and 55 cents is allocated to the pension fund.

The increases for the health and

They are allowing only 100,000 cubic yards to be dumped near Alcatraz. Some of the material is believed by federal officials to contain harmful substances, so about 20,000 cubic yards will be put up on land to dry out and be hauled away.

Federal officials claim they're seeking some kind of a compromise with the Port of San Francisco. Veronica Sanchez, director of government and public affairs at the Port said they are anxiously awaiting a solution to the crisis that has bottled up several projects.

Maine AFL-CIO Mulls Labor Party

Labor is considering establishment of a third political party in the State of Maine.

Charles O'Leary, president of the Maine AFL-CIO, made that announcement after citing "the complete failure of the process of representative government" in his state.

"We need constructive change," O'Leary told the Bangor Daily News.

"Organized labor is planning now to be an agent of change that will lead us away from the uncaring legislators and from legislation enacted solely for the benefit of big business."

O'Leary was critical of the failure of legislators supposedly friendly to working men and women to halt the erosion of workers' compensation benefits by Republican Gov. John R. McKernan.

Asian Factories Head for Mexico

Manufacturers are migrating from Asia to Mexico in anticipation of the North America Free Trade Agreement.

Business Week magazine reported recently that:

- Lawrence and Kenneth Fang of Hong Kong, who supply textiles for the Liz Claiborne and Ann Taylor lines, are establishing an \$8 million plant at Merida on the Yucatan peninsula.

- AT&T is scheduled to open a 1,500-employee answering machine factory in Guadalajara instead of expanding its Singapore factory to which it has sent U.S. jobs and is

preparing to move some of its run-away cordless phone operations from Singapore to Mexico.

- Proxima Corp. of San Diego, which used to get its manufacturing done in Taiwan, has built a video projection panel facility at Tijuana.

- Tin's Industrial Co. is moving toy manufacturing operations from China to Mexico.

- Odyssey International, Ltd., which exploits cheap labor in China to produce outdoor clothing and sporting goods for Land's End, North Face and L.L. Bean, is planning to switch work to Mexico.

said. "We will have a series of meetings to see how we can do things differently," he added.

S.F. Mayor Names Two From Labor

Two labor leaders are among 31 persons named by Mayor Art Agnos of San Francisco to serve on a steering committee that is expected to develop a blueprint for civilian use of the Hunters point Naval Shipyard.

Named are LeRoy King, West Coast Regional Director of the International Longshoremen's and Warehousemen's Union, and Katie Quan, manager of the Pacific Northwest District Council of the International Ladies' Garment Workers Union.

The shipyard is among the U.S. military installations scheduled for closure.

Agnos said the closure would present an opportunity "to do something worthy of San Francisco" on the 515-acre bay front property at the southeast corner of the city just north of Candlestick Park.

The 31 nominees are charged with developing a blueprint for possible residential, commercial, industrial, cultural, open space and industrial uses with input from across San Francisco for guidance of the mayor and the Board of Supervisors.

O'Leary acknowledged that a labor party would hurt Democrats more than Republicans in the Maine Legislature, but he said the state's Democratic leadership had "left labor out in the hall" while making decisions important to workers.

When the Executive Committee of the Maine AFL-CIO took labor's concerns to the speaker of the House, that politician—a Democrat—was so unimpressed that he continued to answer incoming phone calls throughout the conference, O'Leary said.

Demand for a third party is coming from trade unionists throughout the state, the Maine labor leader

agree to use the services of professional arbitrators who will schedule two meetings a month to hear grievance cases. Decisions must be reached within 60 days in each case.

The employers wanted to eliminate consecutive days off, but "we spent a lot of time in negotiations on that and the union finally prevailed," said Pettitt.

The new contract will expire in September of 1994.

welfare and pension funds are interchangeable, said Pettitt. If the 88 cents is more than needed to meet health and welfare needs, anything extra will go into the pension. The reverse flow is also possible. The pension increase might be used to help out the health and welfare fund if necessary.

Although the focus of the negotiations was on economics, the Teamster Food Locals convinced the Food Employers Council to

Fallacy of Privatization Revealed

By ELLIOT D. SCLAR

One of the popular suggested "cures" for state and local fiscal crisis is privatization. Under privatization the governments turn over selected operations to outside contractors. These contractors, in turn, presumably unhampered by red tape and work rules, are able to deliver the same or a better product for less money to beleaguered taxpayers.

Its proponents typically argue that it is not a matter of substituting private provision for public provision, rather it is a matter of substituting competition for monopoly in the process of governmental operations. That is incorrect. It is a matter of substituting public contracting for direct public service provision. The difference is more than semantics.

Studies of public contracting reveal that costly non-competitive results are usually more likely than competitive efficient ones. Competition is neither the automatic nor natural result of the existence of private markets. It is expensive to create and maintain competitively structured markets as the history of

anti-trust policy demonstrates.

Therefore there is no easy answer to the question of the appropriate time and place to switch from public service provision to public contracting. The answer ultimately turns upon the specific nature of the public service and the structure of the public contract.

This is especially important when we consider how razor thin actual savings margins are in public contracting. Studies suggest that when everything goes well, actual cash savings are usually less than 10 percent.

However things frequently do not go well, which explains why it is easy for opponents of privatization to point to so many instances where contracting has ended up costing more and/or delivering less than was promised.

The economics of this situation are straightforward. Privatization savings come mainly from the substitution of lower paid private-sector workers for higher paid government employees. It is not uncommon for privatization proponents to cite instances where work done by public employees can be done in the private sector for total compensation

levels which can be as much as 50 percent less.

However when the costs for overhead, profit and contract supervision are accounted for, even direct labor cost differentials as large as these translate into either single digit savings, or losses.

In troubled fiscal times it is less likely that privatization will produce savings, though they are more sorely needed. It is difficult to imagine that governments unable to keep hospital emergency rooms open will be able to find the sizable cash outlays which truly competitive contract development supervision require. As a consequence it will be more likely that sad tales of initially underbid contracts and later cost overruns will be frequently told.

The danger in the present debate over privatization is that it diverts us from examining the true sources of our state and local fiscal crisis; the withdrawal of federal support from states and cities and the need to increase productivity within the public sector itself.

Even if privatization worked as well as its most fervent supporters hope, it would do little in terms of

the overall state and local fiscal problem. According to one federal study, if New York City had gotten merely the same amount of federal aid in 1990 adjusted for inflation, that it got in 1980, the city would have had an additional \$2.62 billion in revenues. That is almost three quarters of the \$3.5 billion shortfall now undermining New York. The meager potential savings from privatization will not go far in stemming this loss.

Nonetheless, it is still important to increase public-sector productivity. However, rather than the illusionary nostrums of privatization our political leaders and labor leaders would be better advised to renegotiate the basic social contract between public employees and public managers.

It is time for political leaders to be prepared to offer meaningful work and compensation guarantees to public employees in exchange for truly cooperative efforts at replacing antiquated work rules with new and flexible participatory management.

It is ironic that at the precise moment that private industry is

moving away from competitive supply contracting to improve product quality, privatization, which is based precisely on this notion, is pushed as the solution to public-sector quality problems. Just as private industry is learning to instill systems of employment security and worker consultation as the solution to their internal productivity problems, privatization puts forward the notion that only the stick of competition can beat public sector employees into more productive behavior.

In other words, just as the private sector is discovering that cooperation and not competition is the key to productivity enhancement, the public sector is asked to pick up the banner of a flawed management approach. Privatization asks that our public sector not move forward to the 21st century with our private sector. Rather it asks it to step back into the 19th.

Elliott D. Sclar is an economist and professor of urban planning at Columbia University. He is also a research associate at the Economic Policy Institute in Washington, D.C.