

## Say Crisis Not What It Was in Mid-'70s, But Neither is Labor

By TOMMY HALLISSEY

The city's current economic peril is different from what it faced during the mid-1970s fiscal crisis because it is shallower, but the unions might have a harder time dealing with it because they are less organized and outspoken than 30 years ago, a panel of experts told an audience Jan. 22 at Service Employees International Union Local 32BJ's headquarters.

"The economic backdrop to this crisis is a lot different than the 1970s," said James Parrott, the chief economist for the Fiscal Policy Institute. "The city is not alone. It is global in nature."

### Not As Bad As In '75

Alan R. Viani, an arbitrator who was District Council 37's chief negotiator when the bottom dropped out in the mid-1970s, agreed with Mr. Parrott. "In terms of the budget crisis in New York City it doesn't come close to the magnitude of the crisis that existed," he said. In 1975, the city laid off 15,595 employees, including 5,034 cops, 2,914 sanmen, 1,658 firefighters and 405 correction officers.

The Independent Budget Office estimated earlier this month that the city must plug an \$11.3-billion hole in its budget over the next two and a half years. But adjusting for inflation, Mr. Parrott said the current deficit is less imposing than what was faced three decades ago.

Rising pension costs have been cited as one of the reasons the gap continues to grow, which led Governor Paterson at Mayor Bloomberg's request to propose increasing service time required to qualify for a full pension for future employees.

George Arzt, a political consultant who was the New York Post City Hall bureau chief in the 1970s, and other panelists wondered when the unions were going to fight back against the proposed pension changes. "You have to ask, where is the union leadership?" he said. "The same way you run a campaign is the way you advocate for your fair share."

Mr. Arzt said the activism of the 1970s had also faded in the labor movement, with fewer outspoken union leaders, who in those days provided much of the detail and analysis of a budget crisis then-Mayor Abe

Beame was hesitant to fully acknowledge. Mr. Viani said the labor leaders of yore—citing Victor Gotbaum of DC 37, Barry Feinstein of Teamsters Local 237 and Albert Shanker of the United Federation of Teachers—would not have accepted contracts with zero-percent raises, as their successors have several times in the past two decades, which he called "disgraceful." "There wouldn't be this passive acceptance of what is going on," he said.

### 'What's the Union Message?'

Bruce McIver, president of the League of Voluntary Hospitals and chief labor negotiator for the city from 1980 to 1983, was not as quick to cast aspersions on the current house of labor. "I am optimistic if unions can figure out what they want," he said. "The unions are going to have to figure out what their message is."

Mr. McIver, who said that by next year the city will be paying 50 percent of the average worker's salary to cover that employee's fringe benefit costs, said, "I believe it will result in some trimming of benefits to maintain the core."

The speakers generally derided a recent Citizens Budget Commission

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report titled, "Six-figure Civil Servants," which stated the average compensation of salary and benefits for a city employee was \$106,743 in 2008. Mr. Parrott told the crowd that the study was misleading because of the timeframe selected for the study, which ran from 2000 to 2007.

### A Skewed Timeframe

The first year of the study was unique because pension costs were lower due to the "dot-com" boom and stock market profits so great the city made a deal with the unions allowing it to withdraw \$800 million in pension fund contributions. In contrast, by 2007 the pension funds had to make up for sharp reductions in contributions because of the Wall Street crisis, which partly explained why average fringe benefits nearly tripled over in that time from \$13,356 to \$37,619. "One is artificially depressed and the other is artificially increased," Mr. Parrott said. He added that city employees tend to have better benefits than the nation as a whole because city unions focused much more on areas besides salary.

Joshua Freeman, Professor and ex-



ecutive officer of the Ph.D. program in History at CUNY Graduate Center, said unions should be wary that the fiscal crisis might become “an ideological opportunity” for government to “ratchet down expectations” by decreasing services. He said New York became a model for the nation when it adopted givebacks in contracts in the 1970’s, which he called “an ideological sea change.”

“A lot of damage remains to be undone,” he said.

### Lost Activist Instincts

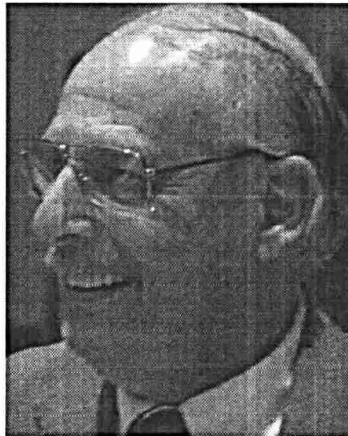
Mr. Freeman said one disadvantage the unions face compared to the last fiscal crisis is that the activism that was very much a part of the public dialogue then—from union demonstrations and strikes to the civil rights and anti-war movements of the 1960s—has diminished greatly over the past three decades.

“I think we have to rebuild those instincts among members,” he said.

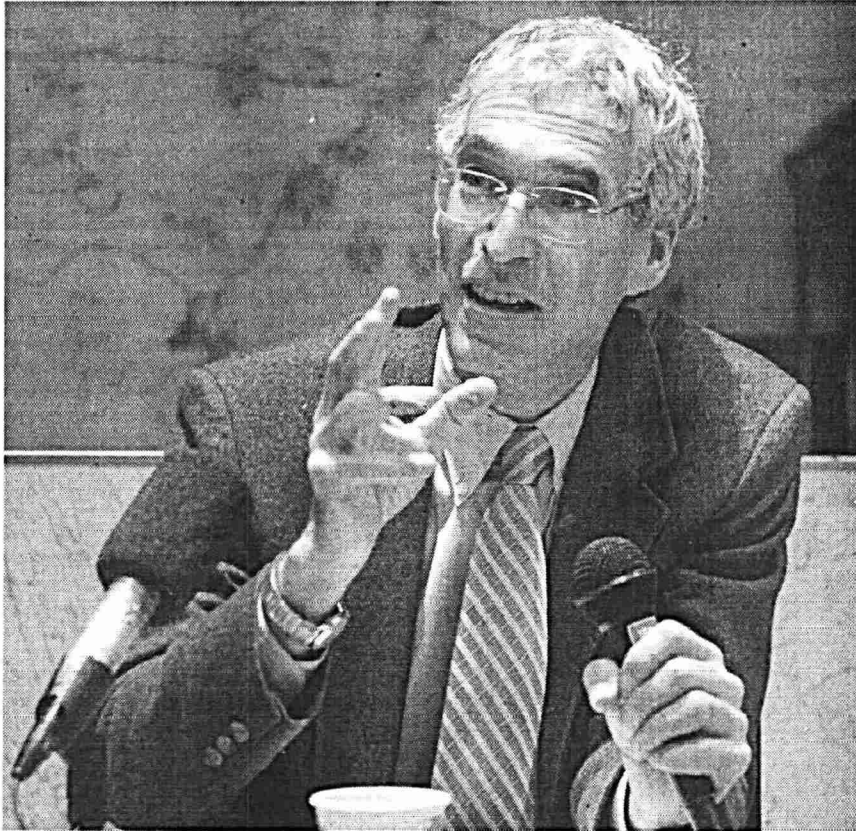
Labor’s mentality also changed as a result of the fiscal crisis, Mr. Freeman contended, noting that until that time, even with inflation high, city unions often succeeded in getting wage increases generous enough to improve the living status of their members. The givebacks and wage deferrals mixed with layoffs during the mid-1970s changed unions’ outlook to a kind of “defensiveness” that leaves labor leaders and their rank and files happy when contracts merely keep pace with inflation.

That shift, Mr. Parrott noted during the question-and-answer period, coincided with a growing gap between what the wealthiest citizens earn and the compensation for middle-class employees. The benefits that city employees have today seem out of line only because the workforce in other parts of the country, particularly in the private sector, has failed to keep pace, he said.

He remarked wryly that the unions hadn’t yet realized that “a crisis is a terrible thing to waste” and could be an opportunity to swing the pendulum back in a more-favorable direction. “We have a failed economic system,” he told his audience at the event sponsored by Local 32BJ, the FPI, Gotham Center and the Metro New York Labor Communications Council. “Labor has the right program... the kind of economic program that could deliver steady economic growth” for the nation.



The Chief-Leader/Alana Marcu  
**ALAN R. VIANI: A less-aggressive union leadership.**



The Chief-Leader/Alana Marcu

**LABOR NEEDS TO MOBILIZE AGAIN: City University Professor Joshua Freeman says that unions for the past three decades have taken enough of a beating that they are often happy simply winning contracts that keep pace with inflation. He said the ability to mobilize members to make their voices heard has also atrophied during that period.**

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