



# OPEN SHOP GAZETTE

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AGC of America has commissioned a Wage Craft Survey which can be downloaded at [www.agc/cs/labor](http://www.agc/cs/labor), then click on the Craft Worker Compensation Research Report. Be warned, the report is 64 pages long but it contains a lot of valuable information.

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The March 6, 2008 Orange County Register had an Editorial by Dan Walters who is a Sacramento Bee Columnist (I like this guy) which is titled "*Vallejo haunted by deference to unions*". "Vallejo, a one-time industrial city in the Bay Area that evolved into a bedroom town, has been teetering on the brink of bankruptcy, and city officials are blaming revenue losses from the declining housing industry. The city began the fiscal year last July with a \$4.4 million reserve but later found that a \$13.5 million drop in projected revenue, mostly related to construction, would leave it \$9.2 million short of its spending obligations for the year.

It seemingly echoes the state government budget travails, which Governor Arnold Schwarzenegger also blames largely on the housing decline, and could be, many fear, a harbinger of a widespread municipal meltdown. While it's tempting for politicians and other government officials to blame the housing industry's decline for their budget woes, it is, in large measure, a way of shifting responsibility from themselves. Vallejo, it would appear, is merely an extreme example of a widespread syndrome-promising more, especially to public employees unions and other powerful pleaders, than is prudently affordable.

A clue to Vallejo's culpability is that it devoted 80 percent of its budget to police and fire operations, which placated both the popular desire for safety services and the demands of police and fire unions for ever-larger salaries and ever-fatter pensions and other fringe benefits. From its earlier days as a center of industrial and military activity (Mare Island Naval Base), Vallejo has always been a strong union town.

Vallejo's commitment to police and fire is much heavier than that of other cities, locking it into contracts and pension commitments that are difficult to change after the fact. Indeed, the city moved toward bankruptcy because its unions refused to modify their contracts and benefits before finally agreeing to some money-savings steps to avert immediate insolvency. It's evident, too, that Vallejo made its heavy commitments on the assumption that the taxes and fees from housing expansion could continue to fill city coffers indefinitely and that it set aside inadequate reserves for the contingency of a serious downturn.

That's what got the state into fiscal trouble, too, with a deficit for the remainder of this fiscal year and all of next still pegged at \$8 billion even with some emergency actions. Former Governor Gray Davis and the legislature squandered a one-time income tax windfall on permanent spending and tax cuts eight years ago and the state has struggled with deficits ever since. Experts in municipal finance believe that Vallejo is a fairly isolated case. Other cities and counties appear to be tightening their belts. Famously liberal San Francisco, for instance, has made a deal with its unions to scale back health care commitments to retirees to ease the financial burden."

An article by Jesse J. Holland, an Associated Press Reporter, appeared in the Orange County Register on March 13, 2008 titled *"AFL-CIO targets McCain labor record"*. "The AFL-CIO said Wednesday that it will have union protesters follow GOP presidential nominee-in-waiting John McCain around the country to demand explanations on his positions on economic and labor issues.

In addition to the protests, the nation's largest labor federation also plans to devote part of its record-setting \$53.4 million grass-roots mobilization campaign funds to criticizing McCain through workplace leafleting, volunteer door-knocking, telephone calls, e-mails, direct mailings and an anti-McCain Web site."

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On March 17, 2008, Dan Walters appeared again in the Orange County Register with *"Unions again use politics to boost rolls"*. "It's no secret that organized labor has seen a steep erosion of its involvement in the private economy and that it has shifted its emphasis to public employees in California and other states to maintain union membership. There is, however, another wrinkle to labor's struggle to survive as the economy continues to undergo vast structural change – exerting political influence to coalesce independent service workers into public or private employment, thus making unionization more likely.

The first large-scale example of this phenomenon in California occurred nearly a decade ago when newly elected Democratic Gov. Gray Davis signed union-sponsored legislation that, in effect, converted workers who provide assistance to the aged and infirm in their homes from private contractors chosen by their clients to employees of county-level agencies. It was a big coup for the Service Employees International Union and brought thousands of new employees onto union rolls.

By happenstance, two new similar drives now are being mounted in California in new tests of unions' ability to use political clout to expand membership. One battle is under way at the twin seaports of Long Beach and Los Angeles, which are under pressure from local residents and air-quality regulators to clean up diesel-engine emissions from both ships and the thousands of trucks, many of them operated by immigrants under contracts with shipping lines and shippers, that haul cargo containers in and out of the ports.

Highways in and around the ports teem with these fast-moving trucks, whose owner-operators are often paid by the load. The city governments of Long Beach and Los Angeles, which own the ports, have agreed to impose fees on containers and provide grants to the truckers to buy newer and cleaner rigs.

There is, however, a big hitch. Los Angeles Mayor Antonio Villaraigosa, who has close ties to unions, is insisting that the independent truckers become employees of large trucking firms, contending it's needed to create financial stability for the truck-replacement program. Long Beach Mayor Bob Foster, a former utility executive, declares that proviso to be "unacceptable" political interference in private economic matters.

The thinly veiled conflict has to do with the unionization of the trucker. As independents, they cannot be organized as a union, but as employees, the Teamsters union would quickly sign them up as members and gain a long-sought foothold into the region's rapidly expanding port trade."

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