

Cities adopt residence rules

Protectionist grab in time of economic crisis.

By David Moberg
Staff Writer

Hit by financial squeezes and a rapid leak of middle-income whites to the suburbs, cities around the country have been enacting or stepping up enforcement of rules requiring city employees to live where they work.

The residency rule crackdown was set off by a Supreme Court decision last March upholding the constitutionality of a Philadelphia ordinance that had been challenged by a fireman named Francis McCarthy.

Residency rules, favored by both progressive new city leaders and old-time bosses, have stirred opposition from public employee unions, especially police and fire organizations. "It's another example of second-class citizenship for public employees," Don Turner, a Chicago Teachers Union official says. "There's no other group of employees who can be told where to live. Why should public employees be singled out?"

They are singled out because many city leaders think that requiring all employees to live in the city is an easy way to confront several urban ills at once. But it is a solution that is prickly with difficulties on numerous fronts—civil liberties, race relations, union bargaining rights and relations among different legal units of large metropolitan areas.

► Keeping the money at home.

For cities with shrinking tax revenue, more poor people and sagging business districts, residency rules are economically attractive. A large chunk of the better-paid city workers often live outside the city limits—for example, one-fourth of Chicago's public school teachers, nearly three-fourths of Atlanta's firefighters and police, roughly half of Boston's city employees and 70 percent of all Hartford, Conn., workers, public and private combined.

Each family with \$20,000 annual income and a \$40,000 house would net the city of \$1,000 in taxes a year, a Chicago study concluded, in addition to the multiple effects of their shopping in the city. Despite repeated legal challenges, many cities have had residency requirements on the books for as long as 50 years. Twenty-nine out of 50 cities surveyed by the National League of Cities had some kind of residency rule, including Chicago, Philadelphia, San Francisco, Detroit and Milwaukee. Boston, Atlanta, Hartford and other cities, including dozens of suburbs, have passed rules recently. City officials in New York and Washington, D.C., are among many now agitating for a rule.

In the booming sixties, cities often relaxed rules to attract or to keep skilled workers, such as teachers, who were heading for the suburbs. But with jobs scarce now, cities "can make demands on people that they couldn't make before," Chicago personnel director Charles Pounian says. Detroit stepped up its residency enforcement last July when there were widespread layoffs. The city didn't want to lay off residents while nonresidents held jobs.

In several cases, cities have had to unleash supersleuth investigating teams to track down employees breaking the rules, relying on citizen tips, record searches and house calls in the middle of the night to foil such standard dodges as maintaining a city apartment but keeping the family in a suburban home.

Although Mayor Richard Daley told all Chicago cops and firemen last May to move into the city by Aug. 1, "T.J. Fisher" still refuses. The leader of a firefighters group that has spent \$84,000 fighting the rule in court, the pseudonymous "Fisher" shares a city apartment with another fireman and keeps his wife and kids in his "suburban investment."

► City workers on the run.

Fisher moved out of the city for the same reasons as millions of other middle-income whites. Blacks were moving into his neighborhood. He felt "the schools, the streets, the yards, my roof and gutters were all getting bad because of the people in the neighborhood. My home and my wife were targets for low-income or no-income people."

When he looked for a home in other parts of the city, he encountered bank redlining and demands of 50 percent down on a mortgage. "We didn't have that kind of scratch," he says. "A friend suggested looking in the suburbs. I didn't want to do it, but I couldn't believe the difference—\$4,000 to \$6,000 down in the suburbs, \$25,000 down in the city. Without much money, where would you go?"

Patrolman "Fisher," a friend of fireman "Fisher," recently moved back into the city, complaining like many of selling at a loss and facing a housing market inflated in some areas by the influx of city employees. Dual residency had taken its toll. "You had to lead two lives," the patrolman Fisher says. "The pressure on the family was tremendous. Your children had to lie. 'What does your daddy do?' 'He's a ditch-digger.'"

Both Fishers say they would feel better about the rule if all city department employees were covered. "There's a standing joke now," fireman Fisher says. "Where is Mr. Daley buried? Is he living in the city?" Daley was buried in a suburban cemetery.

City administrators claim that employees living in the city are more involved, knowledgeable and diligent in their work. Some fear that suburban residents administering and policing the city could become an "occupying army." Traditionally cities have argued that police and firefighters should be close at hand for emergency calls. Even more important, in many cities police carry their guns and badges even when off duty. Their presence in the city expands the 24-hour police force.

► Dollars and black focus.

Money and race are the heavyweight reasons for residency rules. "The real issue is race," one union official said. "Probably more than that, the economics of it is to keep the middle class in the city. But if the city wants to do that, they should make the city liveable."

Race criss-crosses the residency debate in contradictory ways. At first glance, the rules seem to be designed to stop white flight to the suburbs and provide traditional politicians a larger, more secure white political base.

Many residency requirement advocates turn that argument around. They claim that the rules will lead to hiring more blacks and other central city residents. "Indirectly it is a form of affirmative action," argued Lawrence DiCara, the Boston city councilman who co-authored the city's new ordinance. "It probably limits the number of white people who can be in the pool of employable persons."

However, in Atlanta, black mayor Maynard Jackson defends his city's new residency rule as likely to increase the number of whites in both the city and its government, thus "possibly diluting black political power," according to an aide.

Rules that keep white city employees in the city also keep black city employees out of the suburbs. "Here are the cities in defensive action to keep employees and we're trying to open up the suburbs," Paul Davidoff, director of New York's Suburban Action Institute, says. "Theoretically it's a conflict. We're protecting the constitutional right to travel. It's a pragmatic judgment that [a residency rule] is good for affirmative action, but I feel uncomfortable denying people their right



Photo by Jane Melnick

to travel."

Black organizations seem even more divided. The Afro-American Patrolmen's League of Chicago, which has fought for more minority cops, supports the residency requirement as a way to improve police service, bolster the city economy and make employment "reflect the inhabitants of the city." Howard Saffold, president of the League, says, "It's unconstitutional for me to live in a city, pay my taxes and then not be able to get a job that someone who doesn't even live here gets, paid for with my tax money."

Black opinion is not solid, however. A black bloc on Chicago's school board has been partly responsible for holding up a residency requirement for teachers. One black neighborhood newspaper backed the residency requirement as a boon to the city's economy. Slightly over a year later the same paper condemned the residency rule as "directly racist in the direction of continued political control [by Daley and white politicians] ... to combat the growing black mass in this city."

► Confrontation and desperation.

Residency rule opponents argue that it violates their constitutional rights to travel, due process and equal protection under the laws. Unions have contended that residency requirements are conditions of employment that must be negotiated and not imposed by fiat.

If all municipalities had residency rules, couples working for different cities would be in a bind. Also, the cities could lose some residents. An estimated 5 to 15 percent of suburban employees live in Chicago, for example.

Few opponents now hope for legal relief. In late January a retroactive rule, relatively rare among new regulations, was upheld by a federal judge in rejecting attacks by the Cook County Teachers Union, which represents city college teach-

ers. Resistance has taken a more political turn recently, with unions pressuring city councils and state legislatures to prevent passage of new rules.

Some unions argue that residency requirements are simply the wrong way to solve the problems they address. "Every time it comes up we stomp on it as hard as we can," Don McClure, public affairs director of AFSCME (State, County and Municipal Employees), says. We have people at city council meetings arguing why it's discriminatory. We sympathize with the problems of the city—people fleeing to suburbs, losing tax money. We agree that it would be a good thing [for employees to live in the city], but it would be a good thing if services were improved and the tax structure were reformed."

Weighted down with the burden of saving the city's economy and redressing—in one direction or another—racial imbalances, residency rules are rarely evaluated on the merits of the arguments about service and involvement. They are an angry local rejoinder to national policies that have economically drained central cities and made them less attractive for many people. Despite the Supreme Court ruling, the issue of possible infringement of civil liberties is not dead. As a stopgap, residency rules may slow the decline of the cities slightly, but without long-term, comprehensive solutions they are desperation measures that rely on the unique powers of the city as employer.

Cities are desperate, however. "With the economic situation the way we have it," councilman DiCara of Boston says, "it's time for some protectionism. People in Massachusetts should all drink cranberry juice instead of orange juice and buy locally made shoes. If we have local people getting paid by the city, we have a better chance of keeping the neighborhoods alive."

Consumer group makes bank pay

Bank of America must give \$275,000 in rebates for fraudulent advertising.

By Ken McEldowney

In a landmark case, the Bank of America has agreed to pay out \$275,000 in civil penalties and rebates to 2,000 customers who took out car loans during a highly deceptive radio and print ad campaign last fall.

The campaign, promising "low bank rates" and "Our rates are very competitive," was stopped through the research and picketing of Consumer Action, a Bay Area group with a long history of taking on corporations and winning. Consumer Action's research showed that far from having the lowest rates, as the ads hinted, the world's largest bank actually had the highest auto loan rates in the Bay Area. And the gap was not a small one—there was a difference of 35 percent between Bank of America and the cost of the cheapest loan in the area or nearly \$200 over the life of a typical auto loan.

On Oct. 27 Consumer Action demanded that the ad campaign be dropped and that the local district attorney and the California Attorney General prosecute the bank for false and misleading advertising. Within two weeks the ad campaign was dropped and the Consumer Fraud/White Collar Crime Unit of the San Francisco District Attorney's office had told the Bank of America that their "advertisements appear to be misleading" and in violation of California law.

By the end of November, the Bank of America had lowered its auto bank rates, resulting in savings of more than \$80 for each customer taking out a loan. Nonetheless, their rates were still higher than 14 of 20 local banks surveyed.

In mid-January, San Francisco District Attorney Ray Bonner announced the \$275,000 settlement saying, "We believe that this \$275,000 settlement is the largest ever made in California for false advertising." He expressed hope that the settlement "will encourage all business, large and small, to provide consumers with accurate and meaningful information that will enable them to make intelligent decisions when spending their little dollars. Advertising of the nature we had here harms consumers, competitive banks and all businesses by fueling the cynicism and disillusionment which too many

consumers already have against big business."

As might be expected, the Bank of America played out the classic role of a major corporation being caught with its hand in the cookie jar and feigned innocence. One spokesperson said the bank "didn't intend to mislead any customers with our ads. This is the first time since we started advertising 40 years ago that the validity of our ads has been seriously challenged. We don't believe that any customers were misled by the ad. However, if this were the case in any instance, the rebate department will correct it."

Under the consent agreement, in which the bank did not admit guilt, rebate checks of roughly \$85 have to be mailed to all customers who took out an auto loan between Oct. 12 and Nov. 2 when the disputed ads ran in newspapers and on radio.

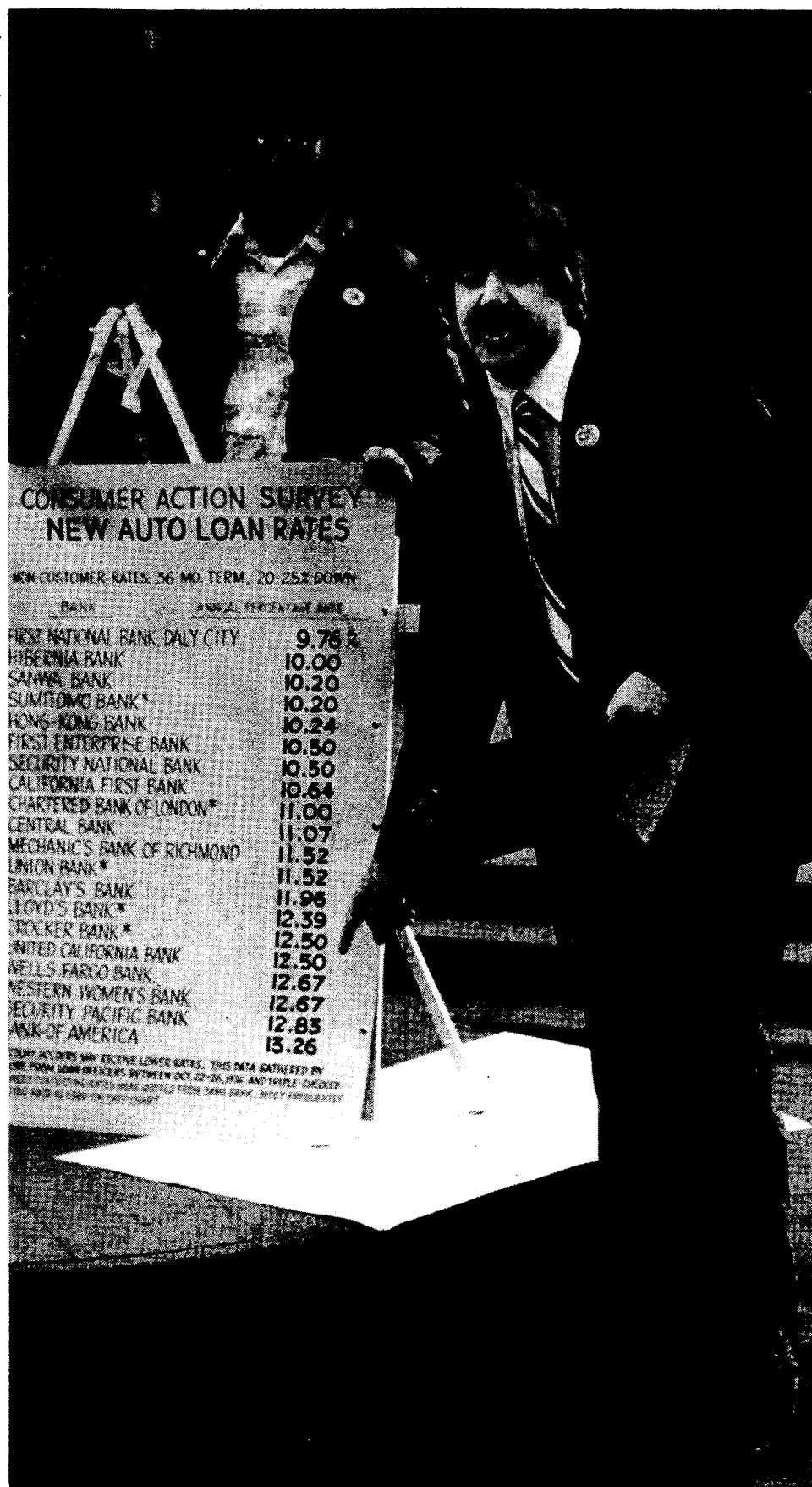
The fact that their ads had not been challenged in the past speaks much more to the sorry state of enforcement of false advertising statutes in California than to the purity of their intentions. Both locally and statewide, law enforcement officials have traditionally waited for private groups to bring in complaints. Newspapers have long cleared the legality of their display and classified ads with the local branch of the Better Business Bureau rather than with either the district attorney or attorney general. Generally, the few protests that were ever raised were aimed at small fly-by-night firms operating out of post office box numbers.

Even with the Bank of America ads, the actions were not initiated by the district attorney but by Consumer Action, a private group.

"This is a victory for the people and an unprecedented warning to any institution engaging in false advertising," J. B. Moore, Consumer Action Banking Project director, said. "While we would have gone after any bank with misleading ads, the fact that the Bank of America is the world's largest bank with twice as many branches in California as any other bank makes it even more of a victory because of their visibility."

Consumer Action has been probing into financial institutions since it was founded. The survey of auto loan rates follows their highly successful publication "Break the

Photo by Steve Kofetz



Consumer Action took their campaign to the people and forced governmental action.

Banks," a shopper's guide to banking services and "It's in Your Interest," which ranks California banks and savings and loans on the basis of the yields, charges and services connected with regular savings accounts.

"It's in Your Interest," published in

November 1976, is available by mail for \$4 from Consumer Action, 26 7th Street, San Francisco, CA 94103.

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Teamsters close field offices in California

By Sam Kushner

Los Angeles. A series of bizarre developments have created new confusion about the relationship between the Teamsters union and the United Farm Workers in southern California.

The most recent developments occurred in the Coachella Valley, site of a 1973 Teamster assault on the UFW in the fields. Johnny Macias, chief Teamster organizer in the valley and one of those who led that attack on the UFW, arrived at his Sixth Street office early one Monday morning and found it bare. He called the police and reported that his office had been burglarized.

Coachella police Lt. Jon Clem informed Macias that the police had been informed that Ralph Cotner, head of the Teamsters Agricultural Division, would be in that city over the weekend and that the office furnishings would be removed. Macias had not been notified.

Almost all of the Teamsters' farm labor offices in California have similarly been closed down at the same time that negotiations with the UFW have been continuing. (See *In These Times*, Jan. 5)

The UFW also continues to amass vic-

tories in the fields. Last week the union won its seventh consecutive representation election since the California Agricultural Labor Relations Board reopened its offices throughout the state.

The Teamsters have challenged the UFW in only one of these elections—in Santa Maria where the Teamsters got three votes to the UFW's 31. Apparently, the Teamster challenge in that vote was due to Bart Curto, secretary-treasurer of Teamster local 865 who publicly defied instructions from the Western Conference of Teamsters to withdraw.

The apparent Teamster pull out from trying to organize field workers is drawing opposition from within the ranks. Both Curto and Macias, for instance, have publicly declared that they will fight any jurisdictional agreement between the two unions.

Five officers in Teamster local 946 are challenging any dismembering of farm labor locals in court. A hearing on their request for a preliminary injunction against the international union is due to be heard in early February in Fresno Superior Court. Pete Baclig, secretary of the local, defended the suit, saying: "We are against any jurisdictional agreement with the UFW. We will do everything that is

legally in our power to stop any agreement."

Ironically, the suit also levels charges at Ralph Cotner, who was accused by the UFW in 1973 of being a major "strong arm" for the Teamsters. Now he is accused by Baclig and others with attempting to strong-arm his own membership. The court complaint charges that when he was denied admission to the union's Bakersfield office on Jan. 17, "Cotner smashed down a door ... and threatened plaintiff's officers, employees, agents, representatives and others with actual physical violence unless they complied with his demands." It further charges that Cotner "threatened to return ... with over 100 men unless the plaintiff's officers surrendered to his demand."

The Teamster-UFW negotiations apparently were discussed at a recent meeting of the Teamster's International Executive Board in New Orleans. Curto, who reportedly was in New Orleans, issued a statement later that all talks had broken off.

Teamster president Frank Fitzsimmons, who is believed to have masterminded the original farm worker thrust and who now appears disenchanted with it and with the opposition within his own union,

offered a different picture on Jan. 25. He said that he was "very optimistic" over the outcome of the current talks, adding that none of the local officials are authorized to speak for the Teamsters on the question of the negotiations.

Having created a bureaucracy in farm labor in its campaign against the UFW, the Teamsters now face some problems with that bureaucratic structure. Baclig and others have threatened to form an "independent" farm labor union to challenge the UFW if the Teamsters do pull out.

Such threats are not taken very seriously by farm labor observers. Without Teamster money, support and muscle there appears to be little likelihood that any new union would be able to mount a viable campaign.

Significant support for such a development by growers appears to be unlikely in view of their expressed fear of being "whipsawed" by competing labor organizations and the unlikely possibility of any such union gaining support among farm workers.

Sam Kushner is the author of *Long Road to Delano* and a commentator on radio station KPFK in Los Angeles.