Post-Patco Era Vs. Ups And The Teamsters? Labor Movement Essay, Research Paper

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Post-PATCO era vs. UPS and The Teamsters? Labor Movement

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Abstract

Professional Air Traffic Controller Organization (PATCO) captivated Americans

in its unsuccessful struggle to win the labor movement. The exposure during that

period left a decline in any type of union struggle. In 1997, United Parcel Service,

Inc. (UPS) went on a similar movement that took a different turn for American

laborers. The results of this movement not only contributed to success for UPS

employees, but it also reversed the Teamsters? representation image among

laborers. Related history of the post-PATCO era and the Teamsters, contribute to

an awareness of the past and present outcomes of the joint venture between UPS

and the Teamsters. Political influences, outcomes, and statistics are related in the

present paper. Also, data from the Bureau of Labor Statistics (BLS) are examined

as relates to union involvement in both situations. Conclusions regarding steps that

management can take to avoid strikes are also offered, along with future research

recommendations.

Post-PATCO era vs. UPS and The Teamsters? Labor Movement

Introduction

The present status of the labor movement caused many to lose their

confidence in efforts to protect working Americans. Whether the union

representation involves the AFL-CIO, the Teamsters, national independents and

independent local unions the movement is declining.

Many events alter the way laborers? think and companies? respond. Whether

the response entailed a strike or an affiliation to a union, the choices to laborers

were not clear. Managers and politicians took the easy route leaving laborers

holding the bad end of the stick, by forcing them back to work without a contract.

The answers are not clear and the problems are not solved for the American

laborers.

Fichtenbaum and Traynor (1997) noted that, the efforts of the labor

movement are steadily declining and companies are relying more on politicians to

solve their issues. The time has come for companies and politicians to be held

accountable for their actions and let laborers control their ?rights.? A recent event

(UPS and the Teamsters? labor movement) has taken place to help companies to

understand the problems of not complying with labor movements? requests and the

loss to companies as a whole. Clearly, future diplomatic strategies need to be

implemented to prevent strikes, along with more cooperative relationships, because

the cost can become long-term expenses.

Literature Review

Before the 1980s, the average union involvement?s totaled 1,306,300

workers with an average of 275 strikes (Grimes, 1995). This total fell after the

post- Professional Air Traffic Controllers Organization (PATCO) era to an

average of 407,180 workers involved and 56 strikes. Grimes (1995), using a

regression model attempted to determine if the PATCO strike has significantly

contributed to the declining number of major strikes, but the empirical evidence

does not indicate that it has had a significant independent effect. The Reagan

Administration was one factor in the shift in labor law, supporting employers and

not organized labor in 1981. Reagan fired the employees of PATCO for illegally

striking and he decertified the Professional Air Traffic Controllers Association.

After the largest labor rally in American history, American laborers? hope was

slowly vanishing. The PATCO members risked their jobs, pensions, future rights

of employment with the US Government, possible severe individual and group

civil penalties and the heavy burden of criminal sanctions. All this with the idea

that they would make the future better for other workers.

The Clinton Administration also keyed in on issues related to workers?

rights. ?For twenty years the wages of working people have been stagnant or

declining?. For too many families, even when both parents were working, the

American dream has been slipping away. In the 1992 the American people

demanded that we change,? (Clinton declared in his State of the Union address). In

1993, wages declined an average of 1.5 percent for hourly employees and college-

educated workers. The rest of the world suffered too with temporary jobs or just

plan lay offs. The effect of the post-PATCO era took ?hope? out of the labor

movement. Meyer (1994, p.116) stated that, ?the choice to end in 1981 is due to

the heavily increased resistance to unions following the dissolution of PATCO, the

increased legal pressure on the Teamsters during the 1980s (leading to their

reaffiliations with the AFL-CIO in 1987), and the virtual demise of the

independent national union by the 1990s.? The ?hope? for labor movements

declined after this event.

In 1907, UPS began providing private messenger and delivery services in

the Seattle, Washington area. Now, UPS is the world?s largest express carrier, the

world?s largest package delivery company, and a leading global provider of

specialized transportation and logistics services. UPS delivers over 12 millions

packages and documents for 1.7 million shipping customers per day throughout the

United States and in over 200 countries. In 1998, the company reported a record of

330,000 employees that delivered more than three billion packages and documents

worldwide, generating revenues of 24.8 billion and net income of 1.7 billion.

Despite these wonderful statistics, two years ago many employees felt that job

security was an issue with a company that consumes billions of dollars off of their

sweat. Today, there are 202,000 (62%) of UPS employees that are represented by

one of the most powerful unions, the International Brotherhood of Teamsters

(IBT).

Before the1997 success, the Teamsters were not the choice of the working

people. The reputation of the Teamsters was less desirable next to the AFL-CIO

due to the higher level of expertise and resources in the AFL-CIO and the AFL-

CIO success in improving employee?s working conditions. Cooke (1983) found

that the Teamsters were also less likely to win in elections than other unions

representatives. Many people were reaffiliated with the AFL-CIO during the post-

PATCO era. ?Before General President Ron Carey took office in 1992, the union

lost an average of 40,000 members for each year since 1979? (The Teamster,

March/April 1997).

Today, the Teamsters are one of the most well known union representations

next to the AFL-CIO. The Union is made up of working men and women who

comprise 1.4 million throughout the United States, Canada and Puerto Rico.

Jimmy R. Hoffa, the leader of the Teamsters in 1957-1967, generated a goal

before his sudden disappearance, of taking over all transportation unions. In 1964,

the National Master Freight Agreement, heralded his efforts as one of the greatest

accomplishments in U.S. labor history. Hoffa, Sr. brought attention to the

Teamsters, but he was also the person who set the tone for the future UPS

strike. Wilson and Witt (1999) noted that, in 1962 Hoffa, Sr. started the shift for

lower-wage and part-time jobs for UPS. Then, in 1982, Hoffa?s old-colleagues

agreed to freeze the starting part-time wage at $8 per hour (The Teamster,

November/December 1996). Now, Jimmy P. Hoffa, the General President of the

Teamsters and the son of the Teamster?s legend, is now undoing his father?s era

and continuing to follow-up on the issues that won the UPS strike.

August 4,1997 at 12:01 a.m. was the period when the Teamsters announced

the strike against UPS. This strike changed the ?faith? in the labor movement

(Wilson and Witt, 1999). The change not only affected UPS but also it affected the

confidence in the Teamsters over the AFL-CIO. The Teamsters selection in the

UPS laborers? representation was an excellent choice, despite the factors that set

the tone in 1962 (lower wages and part-time work). Wilson and Witt (1999, p.58)

noted that, ?at a time when the American labor movement is struggling to reverse

its decline in membership and strength, the Teamsters? nine-month contract

campaign at UPS in 1997 demonstrated that the labor can rebuild its power by

involving its members, reaching out for public support, and challenging corporate

power on behalf of all working people.? This campaign not only empowered the

UPS laborers, but also other laborers from different companies who had an interest

in these issues. The no fear syndrome was contagious, then, to laborers because the

movement gave ?hope? again to Americans and what they believed to be ?justice.?

Further data will be provided here to support the theory that the UPS and

Teamsters? joint venture encouraged the labor movement to become stronger. In

examining further reports and information it will be shown that the effort did in

fact make a difference and that history (as relates to the PATCO strike) does not

always repeat itself. It is also noted here, that managers and politicians need to pay

attention to laborers and the influences that affect them. Political influences,

outcomes, variables and statistics on the effort will be examined in order to help

managers deal with future labor movements.

Materials from the United Parcel Service, Inc. 1999 Prospectus was used

here to compare financial reports. Information was also obtained from The

Teamster?s magazine (1996 and 1997). Other data was gather from the BLS (1999)

to establish whether the UPS movement changed the level of union involvement.

After the two week strike, the 185,000 members (includes 115,000 part-

timers) won all major issues. The issues included: 20,000 full-time job

opportunities for part-timers, including 10,000 new full-time jobs created from

existing part-time positions; new limits on subcontracting; the largest-ever wages

raises and major increases in pensions under the existing Teamster plans; and new

job safety protections (The Teamster, October 1997).

At the time of the strike, House Speaker Newt Gingrich attempted to use

tactics similar to those applied by Ronald Reagan during the PATCO labor

movement. The Teamster (October 1997) reported that Gingrich and other

Republican leaders wanted to retaliate against the labor movement. Some of the

attacks consisted of eliminating the 40-hour work week and letting companies

work employees without overtime pay; permitting corporations to dip into

workers? pension funds; interfering in Teamster contract negotiations; attacking

members? rights to vote for top union officers; and attacking Teamsters? right to be

heard (The Teamster, October 1997). At the time, President Clinton did not let

history repeat itself but instead ignored the demands of Gingrich by letting the

movement proceed. Ron Carey, the 1997 General President of the Teamsters,

stated that, ?We have to hold politicians accountable to working people, and not

just big corporations? (The Teamster, October 1997).

The outcome of the movement gave other laborers the will to fight with

management for their rights and define the effort as an American labor movement.

Witt and Wilson (1999, p.58) reported that, ?Twelve days into the two-week,

nationwide United Parcel Service strike in August 1997, fifty workers at the RDS

package delivery company in Cincinnati voted to join the Teamsters Union.? Witt

and Wilson also note that, ?In Washington State, 4,000 corrections officers who

had an ineffective, unaffiliated association voted to become Teamsters.? The

movement encouraged many others to either join the Teamsters or fight on behalf

of the workers at UPS. In 1997, Ron Carey emphasized that, ?All American

workers owe their thanks to the thousands of Teamsters, retirees, and family

members who made our UPS victory possible? (The Teamster, October 1997).

The issues at UPS were not different from the issues of other laborers like

the PATCO members. Since the UPS strike, other union affiliations have fought

for similar terms. In 1998 there was the UAW 651 810-742-864-2010 strike

against GM, Delphi E for health, safety and subcontracts; in 1999, the SEIU 535

strike against the American Red Cross for union busting; also in 1999, the

AFSCME 31 618-462-1896 strike against Beverly Farm for $5.35/hr pay rate

(LaborNet, 1999). The above strikes are a small sample of other union affiliations.

As a result, then, the Teamsters are not the only union representatives making a

difference when managers and politicians continue to ignore these crucial human

issues.

The victory of UPS increased the awareness of other laborers, but the effect

on union membership was surprising. In 1998, BLS (1999) reported that

union members in 1997 were at 14.1 percent and in 1998 decrease to 13.9%. Also

BLS (1999) reported that in 1983 union membership was at 20.1% decreasing an

average of 6.2% in a 15-year period in 1983. The statistics suggests that a decline,

but the causes of the decline are ill-defined at the present time.

Summary and Future Research Recommendation

Companies are often not aware of the ramifications of not addressing to

laborers? issues, instead they often choose to suffer the long term repercussion, as a

result, in the market environment and employees? spirit. Companies, such as UPS,

have learned that not trying to meet employees? needs can have negative effects on

the results of their operations. UPS depended to a significant degree on the

inability to avoid strikes and other work stoppages by their employees. As their

competitors had grown in size and strength, UPS faced permanent loss of

customers if they were unable to provide continued service. Due to not being able

to meet customer demands, their competitors became stronger and their market

share declined during that period. Consequently, the Teamsters strike resulted in a

decrease in the company?s financial and operational status. The strike resulted in a

net loss of $211 million and an operating loss of $349 million for the month of

August 1997, compared to net income of $113 million and an operating profit of

$187 million for August 1996 (Prospectus, 1999). These results suggest that

solving employees? issues in a timely-manner can have a positive effect on

employees and customers as opposed to decreasing the spirit of employees and

dividing the market with competitors.

As a manager of United Parcel Service, Inc and a past UPS striker in 1997,

it is thought that the following points are in order to maintain effective

management/employee relations.

θ Publicize all events to employees, including financial reports, make

job posting available, and publicize the benefits that the company offers

to their employees,

θ Cross train employees (especially if in union guidelines),

θ Implement surveys and focus attention on union members? opinions,

θ Work towards incorporating wage/benefit status to all workers and

publicize how increases are tabulated (according to seniority date and/or

other variables that may affect wages),

θ DON?T let information become a mystery for employees and, provide the

necessary resources to help solve problems,

θ Let employees know the BIG PICTURE regarding why a company does

things a particular way and be HONEST about problems, suggestions and

issues.

The above outline may or may not help to contribute to a union free

environment. But, they may also help to avoid future strikes if the company is

already operating in a union setting. Unlike the PATCO situation, the UPS

members did have an impact on the labor movement and opened the doors to

future efforts ? all of which centered on employees? needs and consideration of

these needs early on. With respect to future research efforts, the following points

seem to be in order ? which of the above ideas might have the biggest impact in

satisfying employee needs, and when, in particular, should they be delivered in

order to maximize their effects. The desired outcome, of course, should be a

harmonious employee/management relationship, where trust and dialogue can be

used to avoid such things as strikes and animosity.

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Appendix

Union Names and Acronyms

Automobile, Aerospace, and Agricultural Implement Workers of America, United

(UAW)

Service Employees International Union (SEIU)

State, County and Municipal Employees, American Federation of (AFSCME)

Teamsters, Chauffeurs and Warehousemen & Helpers, International Brotherhood

of (IBT)

Author Note

The recent paper utilized the contents and the data drawn together to form

conclusions about the post-actions of the UPS events. I am associated with UPS

and the conclusions and steps that are suggested do not necessarily reflect the

companies? opinion.

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