Looking at labor

It’s a little remembered fact that Labor Day has its roots in transportation. President Grover Cleveland (who had long been a foe of organized labor) signed a Labor Day holiday bill in 1894 under voter pressure, after using the Army to break a general railroad strike.

Currently, labor is all over the news. A recent British Airways strike stranded thousands of passengers, while Northwest Airlines literally flew in the face of a machinists strike. UPS, the largest transportation union employer, continues to negotiate with its pilots through the press, while observers debate whether Overnite, UPS’s recent acquisition, will switch its nonunion status for Teamsters drivers. Federal prosecutors allege that the International Longshoreman’s Association is controlled by organized crime. On the lighter side, from Germany, allegations that Volkswagen executives used company money to pay for prostitutes and for pleasure trips to entertain labor representatives.

But perhaps the biggest labor news of the summer came from Chicago, when three unions — representing nearly one-third of total membership — withdrew from the AFL-CIO. The leaders of the Teamsters, Service Employees International, and United Food and Commercial Workers unions are focusing on organizing — rather than traditional political action — to increase the clout of the union worker. Their target is the greater than 90 percent of services sector workers who are not unionized.

Ironically, July’s AFL-CIO convention was to celebrate the 50th anniversary of the federation’s founding. The old American Federation of Labor, which was organized along craft lines, could not accept the manufacturing factory workers from the Congress of Industrial Organizations. Their 1955 merger marked the high mark for labor, which at its peak represented more than a third of the U.S. private work force.

SEIU President Andrew Stern recognizes the global marketplace has changed the industrial world, and he talks about creating “different models of unions.” In the past, he has had great success in organizing fragmented industries. One of his victories was janitorial services in New Jersey. Recognizing that no business would unilaterally place itself at a cost disadvantage to its competitors, Stern persuaded the companies to accept unionization only if 55 percent of the industry signed. That threshold was reached in 2001, and the SEIU now represents 70 percent of employees.

The power of global behemoth Wal-Mart was a clear factor in the UFCW’s AFL-CIO withdrawal. The UFCW recently went through a bitter — but not very successful — strike against California supermarket chains that sought to cut labor costs in the face of Wal-Mart’s continued growth in market share.

The Teamsters also have some unique problems these days — specifically the underfunding of their pension funds. The Central States and Western Conference funds are estimated to be underfunded by up to 40 percent. (By comparison, that US Airways pilot pension fund — which defaulted last year — was underfunded by only 26 percent.) These multi-employer multi-employer agreements, part of the Teamsters dominance in a regulated world, have become an albatross since deregulation. More than half of the current beneficiaries of the funds retired from companies that no longer contribute.

In their search for new members, the Teamsters union has targeted harbor trucking. While it has struggled to surmount the legal obstacle of organizing owner-operators — workers who own the means of production — it gained a toehold by recently signing a contract with Maritech Leasing. It was the first new union contract for a port trucking company in more than 20 years.

The Teamsters’ AFL-CIO withdrawal may well put it in conflict with the International Longshore and Warehouse Union, which has been grudgingly accepting productivity improvements through arbitration under a 2-year-old contract with the Pacific Maritime Association. Preliminary jockeying might have already begun, with both unions disputing activity surrounding the recent PierPass implementation. Lacking the commonality of the AFL-CIO Transportation Trades group, the Teamsters could try to encroach on off-waterfront jobs that the ILWU considers part of its turf. (Such encroachments are not unprecedented; note that the non-AFL-CIO striking Northwest machinists were quickly replaced by workers from other unions who were AFL-CIO members.)

Labor is a key production component in our industry. With infrastructure in short supply, labor’s role is ever more critical to improving system throughput. A lack of trained labor has created past West Coast congestion crises. How well our industry can manage and (hopefully) overcome our challenges will depend on the ability of both sides to adapt old practices to the current environment.

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