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Executive Summary

No. 1165 March 23, 1998

THE UPS STRIKE: LABOR TILTS AT WINDMILLS

LEO TROY, PH.D.

The media hailed the summer 1997 strike at United Parcel Service (UPS) as a major victory for the International Brotherhood of Teamsters. In fact, the strike was little more than a brief public relations coup for organized labor, particularly the Teamsters. As the unions' public relations gains evaporate in the course of ongoing investigations, a review of the UPS settlement indicates that workers failed to benefit, and that underlying economic trends presage a continuing deterioration of union power.

A careful review of the settlement garnered by the Teamsters shows that it did not produce gains for UPS employees, even for the part-time laborers who ostensibly had the most at stake. The Teamsters promised the settlement would produce a greater number of better-paying jobs. In contrast, the settlement actually:

- **Cost union members thousands of dollars** in lost wages and profit sharing;
- **Will fail to create new full-time positions** for part-time UPS workers;
- **Will not change the ratio of full-time to part-time workers** at UPS; and
- **Resulted in a pension plan that is significantly less generous** than the plan offered by the corporation prior to the strike.

The Teamsters' claim that the terms and conditions of employment at UPS necessitated the strike belies the strike's real origins: Teamster President Ron Carey's now-discredited 1996 reelection. Having barely won the election against James P. Hoffa, Jr., Carey sought to use a strike at UPS to solidify his control of the union. Carey's plan failed when federal monitors overturned his election and barred him from participating in future elections because of an illegal campaign funding effort. The scandal implicated not just Carey, but prominent members of other unions and a Clinton–Gore campaign fundraiser in an elaborate scheme to funnel illegal contributions to Carey's reelection campaign.

The politics of the strike went beyond machinations by officials of organized labor. President Bill Clinton's decision not to invoke the Taft–Hartley Act to interrupt the strike constituted a significant departure from precedents established by Clinton himself and by his predecessors.

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Organized labor as a whole supported the strike in order to fulfill optimistic proclamations of a union resurgence under the new president of the American Federation of Labor–Congress of Industrial Organizations, John J. Sweeney. An objective assessment of unionization trends, however, indicates that the UPS strike would have been insufficient to cause a genuine resurgence even if Carey's misdeeds had remained secret. Globalization and increasing economic competition have made, and will continue to make, unions less significant economically. Changes in the labor force, from industry to services and from blue- to white-collar occupations within traditional industries, are making unions less relevant to American workers.

To prevent the types of abuses that led to the Carey campaign scandal and, in turn, the pointless strike against UPS, Congress should:

- **Reform the law on collectively bargained pensions** to provide union members with security, choice, and maximum return on investment;
- **Require unions to make more thorough disclosure of receipts and expenditures,** including dues money and funds spent for non–collective bargaining purposes, especially politics;
- **Enact paycheck protection legislation** so that union leaders do not spend dues money on politics without annual written consent from union members; and
- **Increase federal oversight of labor unions.**

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LEO TROY, PH.D.

The major news media hailed the 15-day strike in August 1997 by the International Brotherhood of Teamsters against United Parcel Service (UPS) as a decisive victory for organized labor, but, in fact, it was little more than a brief public relations coup for organized labor, especially the Teamsters. Organized labor in general and the Teamsters in particular quickly became tarred by the brush of union corruption that drove Teamsters President Ron Carey from office just weeks after the strike ended. Moreover, as a result of the strike, the rank-and-file Teamsters that comprised the strikers at UPS lost two weeks of wages, their annual profit shares, and the opportunity to accept a corporate pension plan that was far more generous than the one negotiated by the Teamsters.

Before the UPS strike, organized labor was in a state of decline as the result of powerful and continuing changes in the workforce and the economy. Now, however, the Teamsters and organized labor are even worse off because of the strike. Not only has Carey stepped down from office, three of his associates pleaded guilty to funneling contributions to the Carey campaign. Federal prosecutors and congressional investigators are examining the Carey campaign finance scheme, which involved numerous labor leaders, liberal organizations, and perhaps even the Democratic National Committee (DNC) and the Clinton–Gore reelection campaign. Furthermore, the misuse of union dues in the Carey reelection effort has strengthened the growing movement to require unions to obtain written permission from union members before spending dues on political purposes.

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BACKGROUND

The UPS strike was one of the largest and, perhaps, the most decisive labor dispute in the United States since World War II. It was a desperate struggle by the largest private-sector union in the country—the Teamsters, which claims 1.4 million members[1]—to reassert its own waning power, and by the labor movement as a whole to reverse a steady half-century decline in influence. Although widely hailed as a major accomplishment for both unions and workers, the UPS strike was, in fact, nothing more than a carefully staged ploy. The strike achieved little for the

1. Steven Greenhouse, "Former Prosecutor Named to Monitor Teamsters Election," *The New York Times*, December 3, 1997.

Teamsters union, which now finds itself in greater debt and continues to reel from seemingly endless scandals; it accomplished even less for workers, many of whom—if still employed by UPS—will spend the remainder of the negotiated contract recovering from financial losses incurred during the walkout.

Both the news media and union protagonists hailed the strike against UPS as a victory for the Teamsters and the leadership of Ron Carey, the union's president. The media also proclaimed that the strike signaled a turnaround in the long decline of unionism. *The New York Times* rhapsodized,

> [w]ith the United Parcel Service settlement seen as a major triumph and an omen of future success, union leaders and many experts say the labor movement is in its strongest position in nearly a generation and is poised to increase its membership after a two-decade decline.[2]

The *Financial Times* noted a new mood of self-confidence among union leaders, due in part to the "remarkable victory by the Teamsters Union in its strike against UPS," and claimed that this new mood "may have begun to reverse a generation of decline."[3] Carey himself characterized the agreement as "not just a Teamster victory, but as a victory for all working people."[4] A former Secretary of Labor, Robert Reich, greeted the settlement as a "watershed" that reversed the defeat of the air traffic controllers more than a decade earlier. For Reich, the strike translated into the triumph of the Clinton Administration's labor policy over that of the Reagan Administration.[5]

Reality, however, differs from the proclamations of these union cheerleaders.[6] The UPS strike was not a victory for the striking employees, unions, or Carey. A careful review of the settlement reveals that it did not produce gains for UPS employees, even for the part-time laborers who ostensibly had the most at stake. Moreover, this Pyrrhic victory failed to signal a turnaround for organized labor,[7] which remains in a state of continuing decline because of powerful trends in the labor force and the economy at large. The scandals surrounding Carey's now-nullified reelection to the presidency of the Teamsters will serve only to hasten labor's downward spiral.[8]

The Teamsters scandal may engulf the American Federation of Labor–Congress of Industrial Organizations (AFL–CIO), other labor unions, and even the DNC as a federal grand jury and a congressional subcommittee probe the 1996 union election. At the center of this investigation is a complicated $1.5 million scheme to raise funds for the DNC; liberal activist groups; and such causes as the campaign to legalize marijuana in

2. Steven Greenhouse, "Gains Put Unions at Turning Point, Many Experts Say," *The New York Times,* September 1, 1997, p. 1.
3. Gerard Baker, "Big Labour, Big Fightback," *Financial Times,* September 29, 1997, p. 15.
4. *The People,* published by the Socialist Labor Party, October 1997, p. 1.
5. Jim Fuquay, "UPS Strike a Major Win for Labor, Reich Says," *Fort Worth Star-Telegram,* August 20, 1997, p. B1.
6. A view counter to the media's conventional wisdom (and similar to this report's) was expressed by a group of leading executives. Of these, over 48 percent believe that unions will be weaker, not stronger, five years hence (coincidentally, the duration of the UPS contract). Forty-one percent foresee no change. Only 6 percent believe unions would be stronger. The remaining 5 percent are unsure. See Laura M. Litvan and Adrienne Fox, "Top Execs Sound Off on Unions—They Don't See Rebound, Ignore Part-Timer Warning," *Investors Business Daily,* September 2, 1997. Paradoxically, the hard-left Socialist Labor Party shares the opinion of the majority of the business executives: That, in the long term, the "gains" of the UPS strike would amount to naught. See Baker, "Big Labour, Big Fightback," p. 15.
7. Gene Epstein, "UPS Settlement Was Less a Watershed Than a Ripple in Long-Term Decline of Unions," *Barron's,* August 25, 1997, p. 44.
8. For further information, see Leo Troy, "Twilight of Old Unionism," in David Lewin, Daniel J. B. Mitchell, and Mahmood A. Zaidi, *The Human Resource Management Handbook* (Greenwich, CT: JAI Press, 1997), pp. 137–155.

California. Three top officials of the Carey campaign (and longtime liberal activists)—campaign manager Jere Nash, Democratic political consultant Martin Davis, and telemarketer Michael Ansara—pleaded guilty in September 1996 to laundering funds. Davis has claimed that Richard Trumka, secretary-treasurer of the AFL–CIO, was involved in another scheme to divert $100,000 from the Teamsters' treasury to the Carey campaign. Nash and Davis have alleged that DNC officials and the Clinton–Gore reelection campaign agreed to find donors for the Carey campaign in exchange for Teamsters contributions.[9] As federal prosecutors investigate the Carey reelection campaign, Representative Pete Hoekstra's (R–MI) Taskforce on the American Worker of the Committee on Education and the Workforce of the U.S. House of Representatives will hold hearings in spring 1998 on the Teamsters campaign scandal with the assistance of Joseph Di Genova, former U.S. attorney for the District of Columbia. Perhaps most significant, because the tainted reelection of Carey cost taxpayers $17.5 million, Congress has barred the use of federal tax dollars to pay for the yet-to-be scheduled elections to choose Carey's successor.[10]

WAS THE STRIKE A VICTORY FOR THE UPS WORKERS AND THE TEAMSTERS?

A balanced assessment of the UPS–Teamsters contract agreement indicates that the settlement ended in a standoff between the contracting parties and does not represent a victory for the union. The strike:

- **Cost union members thousands of dollars** in lost wages and profit shares;
- **Will fail to create new full-time positions** for part-time UPS workers;
- **Will not change the ratio of full-time to part-time workers** at UPS; and
- **Resulted in a pension plan that was significantly less generous** than the plan offered by UPS prior to the strike.

The strike imposed high costs on UPS workers, many of whom suffered unrecoverable losses in income and or jobs.[11] Thousands of UPS workers celebrated the "victory" on the unemployment line.[12] The company, too, suffered large losses in terms of revenue and customer base, as illustrated by a $450 million increase in revenues during the strike at the U.S. Postal Service—a competitor of UPS in many types of package delivery—and the fact that 15 percent of the shipping volume shifted to Federal Express, another UPS competitor, during the strike and has remained there.[13]

UPS agreed to the Teamsters' key demand: to create 2,000 full-time jobs from part-time jobs per year over the five-year duration of the agreement. Because the new full-time jobs will be created by combining and reclassifying existing part-time positions, however, the wage gains negotiated for current full-time workers will not accrue automatically to most of the newly created full-time positions. Thus, the wage increases for full-time workers trumpeted by the Teamsters were overstated. UPS also agreed to move 10,000 part-time staffers into full-time slots as current full-time staffers retire. The company made clear, however, that all proposed increases in full-time employment under the new agreement would be subject to growth in business.

9. Timothy Maier and Michael Rust, "The Money Swap," *Insight,* November 10, 1997.

10. Bill Sammon, "Millions Needed to Monitor Teamsters Vote," *Washington Times,* December 10, 1997.

11. Employment Policy Foundation, "Did UPS Workers Benefit by Going on Strike?" *Media Backgrounder,* August 22, 1997.

12. UPS Vice Chairman John W. Alden reported that thousands of part-timers did not return to work in the aftermath of the strike. See, Douglas A. Blackman, "UPS Still Fails to Wrap Up Its Recovery from the Strike," *The Wall Street Journal,* December 8, 1997, p. B4.

13. *Ibid.* Three months after the strike, UPS volume was down an estimated 2 percent from industry forecasts for the ever-crucial holiday season. The long-term effects may not be known for some time and will be determined by major clients that left UPS or diversified their shipping strategies.

The agreement to shift part-time employees into full-time positions is not likely to alter the pre-strike balance of 57 percent part-time and 43 percent full-time employees. Although UPS may add 10,000 more full-time jobs than it had offered originally and move as many as 10,000 part-timers to fill full-time slots, there is no requirement in the contract that it replace all retirees or other full-time employees who quit with new full-time workers. Indeed, many of these positions are likely to be converted to part-time jobs in response to the contract's requirement to increase the number of full-time positions elsewhere. Therefore, in the final analysis, the strike is not likely to result in increased full-time employment at UPS.

Teamsters leaders focused on the plight of part-time workers, disparaging the value of those jobs throughout the economy. Carey often referred to part-time positions as "throw-away" jobs. (Incidentally, Carey apparently borrowed the idea of focusing on the part-timers from his rival, James P. Hoffa, Jr., in the course of their election contest.) The average hourly earnings of UPS part-timers ($11/hour) compares favorably, however, with the earnings of all workers in the service sector. Adding the value of benefits (another $7) to total compensation makes these jobs especially attractive to such workers as students and women, many of whom prefer to work part-time.[14] Moreover, the differences in pay between part-time and full-time workers, which Carey criticized, actually reflect differences in skill and job requirements—as they should—rather than a conscious managerial decision to denigrate part-time employment. Finally, considering the high turnover rate among UPS's part-time employees (as high as 400 percent, by some estimates),[15] the benefits of any wage gains to part-timers are short-lived. In other words, many of those whom the Teamsters asserted would benefit from the strike were not around long enough to recoup the wages they lost during the strike.

Certainly, the union won wage concessions for both full- and part-time members. The annual increase of 3 percent in the wage rates of full-time workers, however, is not much higher than the 1996 increase in consumer prices. If this annual rate of inflation were sustained over the life of the agreement, future gains in real wages for full-time UPS workers would be negligible. Using the "blue chip" forecast for inflation, it would take almost the entire five-year term of the agreement for a full-time employee to recoup the lost wages and the profit-sharing proposal made by the company in its last offer before the strike began.[16] (The union rejected profit-sharing in favor of larger annual wage increases, so the profit-sharing offer was not included in the settlement.)[17]

The scale of union gains—an average of 3 percent per year over the duration of the contract—loses even more luster compared with what those employers negotiating agreements in 1997 expected to pay. According to the findings of the 12th annual survey of employer bargaining objectives for 1997 by the Bureau of National Affairs, the "vast majority planned to bargain for less than four percent in the initial year of the new agreement."[18] The Teamsters' 3-percent wage gains at UPS fall within those employer expectations.

14. Employment Policy Foundation, "Teamsters/UPS Strike Was Not About Lousy Jobs," *Fact and Fallacy,* Vol. III, No. 9, September 1997.

15. Baker, "Big Labour, Big Fightback," p. 15.

16. The 15-day UPS strike cost the average full-time employee $1,785 in lost wages as well as an estimated $3,060 in annual profit sharing for 1997. See Jon Pepper, "For UPS Workers, Teamster 'Victory' Is Nothing Worth Cheering About," *Detroit News,* August 20, 1997.

17. Epstein, "UPS Settlement Was Less a Watershed Than a Ripple in Long-Term Decline of Unions," p. 44.

18. Bureau of National Affairs, "Collective Bargaining: Employers Will Seek Pay Hikes of Under 4 Percent in '97 Bargaining, Survey Finds," *Daily Labor Report,* November 25, 1996. Over 40 percent of companies surveyed were in the non-manufacturing sector.

Another point on which the Teamsters proclaimed victory is the rejection of the UPS management's proposal to convert the current Teamster-run, multi-employer pension plans to a plan solely for UPS retirees, administered jointly by UPS and the Teamsters. Under the company's proposed plan, UPS retirees would have gained up to 25 percent in benefits over the current multi-employer plans. UPS could improve pensions for its Teamsters because it no longer would be compelled to subsidize pensions for employees of other, less-profitable companies that contribute less on behalf of their employees. (UPS also guaranteed it would fulfill its existing financial obligations under the multi-employer plans at a cost of over $700 million.) The existing multi-employer plans, administered solely by the Teamsters, redistribute benefits from one group (UPS members) to other Teamster members. Carey never explained how the continuation of this redistributive policy constitutes a "victory" for Teamsters at UPS: he merely denounced the company's proposal as managerial greed.

UPS won a major concession from Carey when it obtained a five-year agreement. The Teamsters historically and steadfastly have opposed contracts of longer than three years in duration. In accepting the UPS's demand, the Teamsters assured management an extended period of labor peace, a matter of significant value in the company's planning for the future.

With a tight labor market likely for the next two or three years, UPS has locked in relatively low wage increases while the wages of its non-union competitors are likely to increase more. Conversely, the union agreed to lower long-run wage increases for its UPS members.[19]

THE POLITICS OF THE STRIKE

Ostensibly, the motives for the strike were the terms and conditions of employment at UPS. The strike's real origins, however, lay in the Teamsters' discredited December 1996 election in which Carey narrowly secured reelection to the presidency over his rival, Hoffa.[20] Carey was vulnerable because of several problems with his management of the union. Carey had a reputation of weakness in negotiating with employers, and the union had a diminished reputation within the labor movement. The Teamsters' membership had declined, its assets were decimated, and its record in organizing new members was dismal. In the first two years of Carey's stewardship, for example, the Teamsters lost 68,000 members.[21] In 1996, the union won just 36.7 percent of representation elections, significantly below the AFL–CIO's admittedly weak 50.1 percent that year.[22]

More important, reports of impropriety in the 1996 campaign soiled the image of integrity on which Carey rode to victory in the union's 1991 presidential election. Even before the election officially was invalidated, Hoffa challenged the results. Carey fought back by attempting to bolster his political position within the Teamsters. For Carey, tackling the union's most important and largest single bargaining partner provided the opportunity to overcome his reputation as a feckless leader and to strengthen his political position within the Teamsters should a new election be called. The strike also was the opportunity to even the score with UPS following the disastrous one-day strike he called against the company in 1994. At that time, Carey initiated a walkout to stop the company's order that drivers lift heavier loads. According to press reports, no less than 80

19. *Ibid*. The significance of the agreement's five-year term is accentuated by the findings of the 12th annual survey of employer bargaining objectives for 1997 by the Bureau of National Affairs. No company replying to that survey expected to win a five-year agreement from its unions. Most were hopeful of three-year terms, and a few of shorter duration.

20. Carey edged Hoffa by the narrow margin of 52 percent to 48 percent. See Steven Greenhouse, "An Overseer Bars Teamster Leader from Re-Election," *The New York Times,* November 18, 1997.

21. Maier and Rust, "Money Swap."

22. Bureau of National Affairs, "Mid-Year Representation Elections by Union Affiliation."

percent of the workers ignored the strike call.[23]

The strike against UPS was a calculated gamble; the outcome could not be certain. The Teamsters' strike fund was depleted, a factor that might have given the leadership pause. To meet its obligation to provide strike benefits—already reduced to $55 per week—the union would be forced to draw from its general fund; but this, too, had been drained: By April 1997, its level was below $7 million, an amount insufficient to pay even one week of strike benefits, which were estimated to cost $10 million per week. Likewise, the Teamsters' net worth was depleted from $150 million when Carey took office in 1991 to $11.3 million at the end of 1997. Nearly three-fourths of these assets—$7 million—are not liquid and reflect the Teamsters' real estate holdings in Washington, D.C.[24] Government overseers since have determined that among the diversions of union revenues were moneys illegally spent to reelect Carey in his contest with Hoffa[25] and funds contributed to the Clinton–Gore reelection campaign in 1996.

Notwithstanding the poor economic health of the Teamsters, Carey opted to go ahead with the strike to bolster his position within the union. His weak control was shattered following the strike, when the court-appointed federal monitor of the election, Barbara Zack Quindel, belatedly announced she had invalidated the 1996 Teamsters election because of corruption and fraud.[26] Subsequent evidence of a conflict of interest compelled Quindel to resign, but not before she extended Carey a helping hand by delaying her announcement nullifying the Carey–Hoffa election results until after the UPS strike had been settled. Incredibly, Quindel claimed she had withheld her finding to avoid interfering with the bargaining and strike at UPS. Her inaction and delay were, in fact, interference and succor to Carey. One is justified in wondering whether she had sufficient evidence on hand to announce the decision before the strike even started.[27]

After a new court-appointed monitor, a former federal judge, Kenneth Conboy, took over from Quindel, Carey's political scandals came to a climax. In November 1997, Conboy disqualified Carey from standing for reelection. Later that month, Carey gave in to pressure and took an unpaid leave of absence from the Teamsters, just hours before a federally appointed Independent Review Board brought charges against him for diverting union money to fund his 1996 election campaign.[28] Carey's departure followed an agreement between the Teamsters and the Department of Justice that allowed a federal monitor to oversee union finances—a move meant to prevent further improper raiding of the union coffers.[29] Meanwhile, the new election, originally rescheduled for March 15, 1998, was delayed another 45 days to allow a new federal monitor (the third) to investigate the campaign finances of Hoffa during his contest with Carey. With one candidate charged, another being investigated, and $17.5 million in tax dollars spent ineffectively to prevent corruption in the elections, the Teamsters' election can be viewed only as an abysmal failure of government oversight.

23. Scott Thurston and Richard Greer, "A One Day Walkout at UPS: Teamsters Settle Strike," *Atlanta Journal and Constitution,* February 8, 1994, p. D1.

24. Richard A. Ryan and Bradley Stertz, "Teamsters' Troubles Strain Its Treasury," *Detroit News,* November 4, 1997.

25. Decision of Judge Kenneth Conboy, Election Officer for the International Brotherhood of Teamsters, Monday, November 17, 1997.

26. "Now She Tells Us," *The Wall Street Journal,* August 25, 1997, p. A18.

27. Pepper, "For UPS Workers, Teamster 'Victory' Is Nothing Worth Cheering About."

28. Steven Greenhouse, "Carey Steps Down from Teamster Post As Board Files Charges," *The New York Times,* November 26, 1997.

29. Steven Greenhouse, "Federal Monitor to Oversee Finances of Teamsters," *The New York Times,* November 25, 1997.

BEYOND THE TEAMSTERS: THE CAREY CAMPAIGN SCANDAL WIDENS

The corruption in the Teamsters' election did not stop with the Teamsters, however. Conboy's decision to declare Carey ineligible to run for reelection because of financial improprieties engulfed many leading officials of the labor movement, some of whom are alleged to have intervened illegally in Carey's reelection bid. The involvement of leaders from other unions had heavy partisan overtones. Union officials sought to support Carey—a strong proponent of the Democratic Party—and to defeat Hoffa, who publicly denounced the use of union funds to promote liberal political issues unrelated to workers' interests.

To defeat Hoffa, AFL–CIO leaders apparently laundered thousands of dollars for Carey, who also ran on an anti-corruption platform. The secretary-treasurer of the AFL–CIO, Richard Trumka, has invoked the Fifth Amendment while testifying, refusing to answer Conboy's questions on his role in laundering the election money. AFL–CIO President John J. Sweeney's predecessors, George Meany and Lane Kirkland, had strict policies requiring the resignation of any AFL–CIO officer who invoked the Fifth Amendment in order to avoid explaining the ways in which union members' moneys are spent.[30]

No information is available at this time regarding the role Sweeney may have played in allegations implicating his second-in-command, Trumka. Press reports, however, have speculated that Sweeney must have been aware of Trumka's illegal activities.[31] As the leader of the largest union in the AFL–CIO, Carey also played a key role in ousting Kirkland and electing Sweeney as his successor.

Conboy discovered that other top union officials had violated the rules governing the procedures of the Teamsters election, too. Among those Conboy cited are the president of the American Federation of State, County and Municipal Employees, Gerald W. McEntee (who orchestrated the palace coup that ousted Kirkland in 1995), and the president of Sweeney's former union, the Service Employees International Union, Andy Stern. Clearly, leadership of organized labor favored Carey and backed his election to the presidency of the Teamsters despite the risk.[32] The Teamsters set up a committee, ironically named the Teamsters for a Corruption Free Union (TCFU), as the vehicle to handle the money laundering. Federal overseers and congressional investigators have found that the TCFU also was involved in attempted money swaps with the DNC.

These other union leaders made a significant (albeit potentially illegal) investment to assure that Carey won reelection. Can there be any doubt that these same leaders also actively encouraged the UPS strike to protect their investment and political interests? For Sweeney, there was another compelling reason to encourage the strike: It would provide further evidence in support of his frequent prophecies of a resurgent union movement. The news media echoed and re-echoed this rhetoric.

Once the strike was under way, Sweeney provided financial assistance to the Teamsters to assure that Carey could maintain the strike. The assurance of financial support to resolve the Teamsters' financial problem in paying strike benefits was, per se, routine in union affairs.

The promised amount of financial support to cover strike pay—$10 million per week—is noteworthy, however, compared with the $35 million media campaign undertaken to defeat Republican candidates to Congress in 1996, a campaign Sweeney claimed would mark the dawning of a new era for organized labor, an era of taking the

30. Kevin Galvin, "Teamsters' Scandal Likely to Spread to AFL–CIO," Associated Press, December 28, 1997.

31. See, for example, William Safire, "Labor Takes the Fifth," *The New York Times,* November 26, 1997, and Julie Kosterlitz, "Busted Unions," *National Journal,* December 20, 1997, p. 2552.

32. Aaron Bernstein, "If Hoffa Wins, Labor Is the Loser," *Business Week,* Monday, September 8, 1997.

fight to the opponents of organized labor.[33]

It is worth noting that the DNC and the Clinton–Gore reelection campaign employed some of same the political operatives involved in Carey's corrupt reelection. For example, Martin Davis, a Carey consultant who has since been charged in federal court in New York for hiding illegal gifts to the Carey campaign, is a former co-owner of the November Group, a direct mail firm that counted the DNC among its clients. Jere Nash, Carey's campaign manager, served simultaneously on the staff of the 1996 Clinton–Gore reelection campaign.[34] But the Clinton–DNC–Carey connection goes far deeper, as evidenced by Conboy's decision to bar Carey from running for reelection in a new presidential campaign. Conboy cited Nash, who provided testimony about a conversation between Carey and Terence McAuliffe, chairman of the Clinton–Gore campaign, in which Carey thanked McAuliffe for attempting (ultimately unsuccessfully) to find a Democratic donor to give $100,000 to the Carey campaign in exchange for $270,000 in Teamster money channeled to the Democrats.[35] In June 1996, the Teamsters "rushed" $211,000 of this money, in various sums, to 35 state Democratic parties at the request of Laura Hartigan, finance director of the 1996 Clinton–Gore campaign.[36] This scheme served the dual purposes of aiding candidates friendly to Carey and laundering Teamster funds into the coffers of the Carey campaign.

THE TAFT–HARTLEY ACT AND PRESIDENTIAL RESPONSIBILITY

The Teamsters began their strike against UPS on August 4, 1997, just four days after their previous contract had expired. Despite good-faith bargaining by UPS officials, including offers of profit-sharing and a more lucrative pension program, the strike continued. After 11 days, UPS offered to amend its "last, best, and final offer," and, after 15 days, the Teamsters and UPS agreed to a new contract. Throughout the bargaining process, the Clinton Administration chose not to invoke the authority the Taft–Hartley Act grants the President to interrupt private-sector strikes that pose a threat to the economy. Instead, the Clinton Administration effectively assumed a position at the bargaining table, thereby placing additional pressure on the parties to come to a resolution.

President Clinton's public explanation for not invoking the Taft–Hartley Act to interrupt the strike amounted to little more than an admission that he had abdicated presidential responsibility. He contended that the strike did not meet the standards set in the emergency disputes section of the act, which provide that the President may intervene when a strike affects national health and safety. Market changes marginalized the power of the industries for which the law originally was intended, such as coal and steel; and the economy's shift to services obscured, but did not obviate, the potential effect of a strike against a supplier of services that could affect the well-being

33. Certainly this was an unprecedented pledge, but did Sweeney actually raise the promised total? The news media accepted his announcement at face value, just as they did during the 1996 elections to Congress, in which the AFL–CIO announced it would raise $35 million. In August 1996, however—less than four months before the election—the AFL–CIO admitted it had fallen short of its announced goal by 20 percent. Since that time, the AFL–CIO has presented no evidence it actually has managed to raise the full $35 million. The news media and politicians treated the claim as trustworthy, and thus it became part of the accepted wisdom. What the news media have not reported, however, are organized labor's large, in-kind contributions that dwarf its actual cash outlays.

34. Glenn R. Simpson, "DNC, Teamsters May Have Mulled Deal on Donations," *The Wall Street Journal,* July 24, 1997.

35. Steven Greenhouse, "An Overseer Bars Teamster Leader from Re-Election," p. A22.

36. Bill Sammon, "Clinton Campaign Got Funds Via Davis," *The Washington Times,* February 10, 1998, p. A1.

of the economy—as the UPS strike did. In previous cases in which Presidents asked for an injunction to end a stoppage, the courts accepted that a strike affecting a major portion of an industry is sufficient to meet the standards of the Taft–Hartley Act. In the case of UPS, the strike affected the bulk of an industry and had a very large impact on the economy. The scope of the strike may be sketched from these vital statistics of the economy: Estimates suggest that from 5 to 7 percent of the national output—some $400 billion to $560 billion in all—may have been affected. The strike interrupted 83 percent of all ground deliveries of parcels and packages, and 63 percent of all combined ground and air deliveries; it involved a total of 12 million deliveries and 4.9 million customers, including hospitals and medical research organizations. The effects reached 1.16 million companies—most of them small businesses—that depended on UPS to carry on operations. (Small businesses, incidentally, also have been the engine of most employment growth in the economy.) As many as 185,000 employees were involved, a far larger number than in past strikes in which Presidents invoked Taft–Hartley procedures, and courts granted injunctions to halt stoppages for 80 days. UPS is, in fact, the fifth largest private employer in the United States; *The Wall Street Journal* noted that few companies reach so deeply into the heart of the U.S. economy. Finally, competitive companies and the U.S. Postal Service announced they could not handle UPS's delivery volume, a fact that undoubtedly played a role in the union's decision to strike.

Thus, despite the obvious damage to business (especially small business), consumers, and the economy, President Clinton refused to initiate the procedures of the Taft–Hartley Act that could have led to a court injunction interrupting the strike. President Clinton's inaction stands in sharp contrast to his behavior in other strikes in which he stood to gain politically by making his presence known. For example, he did not hesitate to invoke the procedures of the Railway Labor Act to stop the pilots' strike at American Airlines earlier in 1997. Moreover, he attempted to intervene in the 1995 Major League Baseball strike. The list of President Clinton's selective involvement in other labor disputes could be extended; however, no other strike or labor dispute so profoundly affected the economy, making President Clinton's lack of attention particularly inappropriate. The oversight committee of the House of Representatives Committee on Education and the Workforce, which is investigating improprieties in the 1996 Teamsters election, is examining whether the White House coordinated its response to the strike with union officials, thereby violating its supposedly neutral stance in the negotiations between the Teamsters and UPS.[37]

Deprived of a Taft–Hartley delay, and abjuring a knockout fight with the union (with striker replacements), UPS returned to the bargaining table to face not just the Teamsters but the Clinton Administration as well. Even though the Taft–Hartley Act remained on the books, its policy for averting damage to the country's economic health appears to have been sacrificed.

DOES THE UPS STRIKE SIGNAL A TURNAROUND FOR ORGANIZED LABOR?

The strike and its resolution were a standoff, not a Teamster "victory." They will not reverse the march of private-sector unionism into decline. Private-sector unions, or "Old Unionism," will not become extinct, but their economic power will continue to diminish. Quantitatively, the current private-sector union membership of 9.3 million is likely to fall by another 1 million, and the private-sector market share of unions probably will fall from the current 9.8 percent to 7 percent by the turn of the century. The number of local unions—the bedrock of unionism in the United States—will continue to shrink. It is possible that as many as 15,000 local labor organizations have disappeared since peaking at 55,000 in the mid-1950s. Meanwhile, the continuing merger of unions provides additional data on the steady decay of Old

37. Frank Swoboda, "House Panels Subpoena Documents on Teamsters," *The Washington Post,* February 20, 1998, p. G3.

Unionism. Contrary to Sweeney's rhetoric, mergers are not a sign of nationalizing the labor movement but a confession of its continuing decline. The scandals surrounding the Teamsters' presidential election, including the role that top officers of the AFL–CIO and affiliated unions played, will raise new barriers to any potential turnaround. Even in the absence of these scandals, however, private-sector labor's continuing decline could and would not be reversed.

The causes of Old Unionism's decline are rooted in the economy and increased competition, both global and domestic. President Clinton's failure to win fast track authority for new trade agreements —a triumph of the AFL–CIO over the Clinton Administration's trade policy that was widely ignored by the same media that avidly seeks examples of union victories—at most may slow the expansion of international competition, but it will not reverse the competitive forces already developed. Meanwhile, the U.S. market—itself the largest free market in the world—continues to generate increased competition that militates against union recovery.

In addition to the rebirth of competition, structural changes in the labor market have shifted employment away from the manufacturing and construction industries, sectors in which unions gained a foothold and expanded their numbers and power, toward the historically non-union private-sector services. Concomitantly, there has been a revolutionary change in the occupational makeup of employment. Not only have white-collar occupations ballooned with the advent of new service industries, they also have jumped enormously within manufacturing and all other goods industries. This means a shift away from blue-collar jobs, the mainstay of Old Unionism, and toward newer jobs in the private economy that unions never have enjoyed success in organizing. The direct result of these structural shifts is a reduction in unions' market share, a shrinkage that would occur even if unions had not lost a single member since hitting their peak in 1970 at 17 million. Only in government service have professional, technical, managerial, and other white-collar occupations been unionized.

The same forces that have undermined Old Unionism in the United States have eroded Old Unionism in other advanced industrial economies (for example, the Group of Seven, or G–7, countries).

The decline of Old Unionism in the United States, therefore, is not unique. The difference between the United States and other G–7 countries is that the United States led in the decline and that the decline has gone much deeper in the United States than it has abroad. This, of course, is consistent with the fact that the United States led in the structural shift in the labor market, that this shift has gone further than anywhere else, and that competition (which includes the deregulation of industries in communication and transportation) has proceeded sooner and gone much further in the United States than it has in other G–7 countries.

The decline of Old Unionism in the United States is of historic proportions. Indeed, the decline is too large to be the result of recent scandals, as damaging as they may be. Membership peaked at 17 million in 1970; since that time, Old Unionism has lost 7.5 million members, a number larger than the entire public-sector union movement.

The market share of Old Unionism has plunged from its peak a generation ago—36 percent of the private-sector workforce in 1953—to its current level of 9.8 percent. Restoring a position approximating either of these historic pinnacles is impossible. Nor will the gains that Sweeney has predicted—3 to 4 percent per year—be realized. His goals imply private-sector membership gains of between 280,000 and 375,000 over existing membership levels each year, a prospect that statistics on union elections belie.[38] Nevertheless, the mainstream media echo and re-echo Sweeney's rhetorical claim that the AFL–CIO and its affiliated unions are "organizing the unorganized." Factually, however, the number of elections unions have sought and the number unions have won continue to decline.[39] Similarly, Sweeney's announcement that the AFL–CIO's membership records show an increase does not reflect actual membership trends. Membership reporting from affiliated unions to the AFL–CIO is made on the basis of administrative or political decisions at affiliated unions—not on the basis of actual dues-paying membership. Hence, the AFL–CIO's numbers are questionable at best. Moreover, when growth in the labor force is taken into account, these reported putative gains would be insufficient to prevent the continuing decline in unions' market share in the private-sector economy.

The routine explanation for the shrinkage of Old Unionism among leaders of organized labor and the conventional wisdom among academics is that union losses are due to employer opposition. Employers certainly oppose unions now, as they always have, for rational economic reasons. Yet, in the 1930s, when employer opposition was at its fiercest, unions made enormous headway in organizing unorganized workers, especially in manufacturing. By tradition, employers have opposed unions, but corporate opposition is a marginal factor at most, not an explanation for the huge loss in membership that Old Unionism has endured since 1970.

To understand the role of employer opposition, it first is necessary to explain its meaning. *Employer opposition* applies only to union efforts to organize the unorganized, and not to the loss of union members in existing bargaining relationships. It is preposterous to believe that employer opposition can thwart the replacement of 7.5 million members.

A major goal of union political efforts is to rewrite the country's basic labor law, the National Labor Relations Act (NLRA). Although this has become a vain hope by this time, what difference would a new, pro-union labor law make? In a word, none. Global competition and the shift from a manufacturing- to a service-based economy not only has reduced the strength of organized labor, it has made the NLRA irrelevant. Hence, the charge that the Taft–Hartley amendments to the NLRA in 1947 bolstered employer opposition and led to the current decline in Old Unionism is more rhetoric than reality, as is the exaggeration of employer opposition.

The evidence that a new Wagner Act (referring to the original pro-union labor law of the United States, enacted in 1935) would not breathe new life into the ebbing Old Unionism is as close at hand as the 49th parallel in Canada. Despite labor laws at the federal and provincial level that Canadians themselves characterize as Super Wagner Acts, private-sector unionism nevertheless has declined throughout Canada. Quebec, with labor policies more pro-union than any other Canadian jurisdiction, also has experienced a pronounced decline in its private-sector union movement, both in membership and market share. Old Unionism is the victim not of villainous employers but of the fundamental forces of supply and demand.

More formidable than employer opposition or government policies is employee opposition to organizing, a factor union protagonists regularly ignore. U.S. Department of Labor statistics

38. Unions won only 47.7 percent of elections in 1996, down from 48.2 percent in 1995 and 49.2 percent in 1994. "Number of Union Elections Increased Slightly in 1996," *Labor Relations Week,* June 11, 1997, p. 609. Statistics for 1997 from the Department of Labor confirm this trend. The ratio of unionized workers to total workers continues to decline. It dropped to 14.1 percent of wage and salary employment in 1997, down from 14.5 percent in 1996 and 20.1 percent in 1983. News release, Bureau of Labor Statistics, Department of Labor, January 30, 1998, available on the Internet at *ftp://146.142.4.23/pub/news.release/union2.txt*.

39. Stuart Silverstein, "Organized Labor's Big Recruiting Drive Is Falling Short," *San Francisco Examiner,* Sunday, November 9, 1997, p. A 8.

contradict the politically correct conviction that all workers hunger to join unions.[40] In polls, almost 70 percent of non-union employees declare they would not join a union if given the chance.[41] Moreover, union leaders enjoy very low job-approval ratings.[42]

In contrast with declines in the private sector, the future of public-sector unionism (New Unionism) is likely to be stable: there will be only minor fluctuations in the current levels of membership and market share, now approximately 6.7 million members and 37 percent of government employment (federal, state, and local). Until recently, New Unionism has been a growth industry, with increases by politicians seeking to build a political partner irrespective of the impact on the public economy. Even this sector, however—despite its virtual immunity from competition and structural change—apparently has topped out. Over the past three years, public-sector union membership has edged down in both membership and market share. This is attributable primarily to the closure of military bases and cutbacks in government employment, notably in the Department of Defense's civilian workforce. Its market share, now slightly below its peak of 38 percent, is nearly four times that of Old Unionism —and higher than Old Unionism ever achieved (36 percent in 1953). Because of its relative immunity to the laws of supply and demand, New Unionism is durable; early in the next century it is likely to become the dominant form of unionism in the United States as it has already in all other G–7 countries (with the possible exception of Germany). In eclipsing the private sector, the shift to the dominance of government employee unionism also promises a shift in union philosophy, which will demand an increasing share of national income through taxes and government spending. This shift will fit in well with the New Left orientation of AFL–CIO President Sweeney.

UNIONS RESPOND TO DECLINING MEMBERSHIP BY TURNING TO POLITICS

To compensate for their failing efforts to rejuvenate unionism, unions have shifted their emphasis to political action. This move also is entirely consistent with the shift of unions toward public-sector membership. The current poor economic health of the Teamsters notwithstanding, the money that flows through union coffers is significant: Unions collectively take in an estimate of nearly $13 billion in annual receipts and hold over $10 billion in total assets.[43] The money unions spend on political campaigns is significant as well. The Center for Responsive Politics estimates that unions spent over $49 million on federal campaign contributions in 1996 alone. The Teamsters PAC (political action committee) led all other union PACs with over $2.6 million in contributions just to federal candidates.[44] Sweeney promised $35 million to topple the Republican majority in Congress. Federal overseers investigating the Teamsters' election discovered that Carey diverted over $885,000 from the Teamsters' general fund to liberal advocacy groups in an attempt to influence the 1996 elections and launder money back to his own election campaign. These contributions are just the tip of the iceberg, however. The real money spent by unions falls into the category of "in-kind" donations, including phone banks and other get-out-the-vote efforts, which totaled between $300 million and $500 million in the 1996 elections.

40. Sammon, "Clinton Campaign Got Funds Via Davis," p. A1.

41. Frank Swoboda, "Labor's New Song: Help, I Need Some Bodies," *The Washington Post,* August 31, 1997, p. C3.

42. A Harris poll found that Americans consider "union leader" to be the least prestigious profession, with only 14 percent of adults surveyed responding that the position held great prestige. (*Business Week,* June 9, 1997, p. 4).

43. Marick F. Masters and Robert S. Atkin, "The Finances of Major U.S. Unions," unpublished manuscript, February 27, 1997.

44. Center for Responsive Politics, "The Big Picture: Where the Money Came from in the 1996 Elections," available on the Internet at *http://www.crp.org/crpdocs/bigpicture/overview/bpoverview.htm*.

The funds spent on the campaign finance barrage in 1996 were taken primarily from dues paid under the compulsion of a standard union or agency shop checkoff. Under *Communications Workers* v. *Beck,*[45] union members are entitled to a rebate of that portion of the dues spent for political purposes. Yet, under the Clinton Administration workers have been kept in the dark about their *Beck* rights, allowing unions to continue to extract funds from workers and spend that money on causes and candidates—including President Clinton—with whom some workers no doubt disagree. For example, although approximately 40 percent of union members tend to vote Republican, 92 percent of campaign contributions went to Democratic candidates in 1996.[46]

Those who compare unions' use of membership dues for political purposes to stockholders of corporations that make political expenditures are comparing apples to oranges. Stockholders, after all, have the freedom to sell their shares and reinvest in other companies if they object to the political uses of their funds, just as some investors trade only in environmentally approved companies or refuse to buy shares in companies marketing tobacco products or alcoholic beverages. A comparable alternative is not available to unionized workers. Under a standard union shop agreement, a worker must maintain membership in good standing in order to retain his or her job; the nonpayment of regular dues and fees are grounds for the union to deny a worker membership and therefore to demand that the employer discharge the worker. Furthermore, it is not even possible for an individual worker to withhold dues under a checkoff agreement.

In the absence of federal enforcement of *Beck,* citizens are utilizing state initiative processes to assure that workers have the opportunity to preapprove (or deny) union deductions from their paychecks for political purposes. In Washington state, voters enacted Initiative 134, which requires unions to obtain annual permission before collecting or using any portion of workers' salaries for political purposes.

The response to the initiative by union members has been incredible. Since Initiative 134's approval in 1992, the number of teachers contributing to the education union's PAC dropped from 45,000 to 8,000, and the number of state public employees contributing to their union PAC plummeted from over 40,000 to only 82. In short, the Washington state initiative shows that workers will exercise their right to avoid compulsory political contributions when given a reasonable opportunity to do so.

The next state scheduled to consider an initiative of this kind is California. California's Campaign Reform Initiative would prohibit employers from making automatic deductions from employees' pay for political purposes without annual, written authorization from the individual. It also would prohibit labor unions from using any portion of a member's dues for political purposes without similar authorization. The initiative collected over 775,000 signatures to qualify for the June 1998 ballot, and initial polls show that California voters support the initiative by a margin of 4:1. If the initiative passes, it would take effect on July 1, 1998, and therefore could have an impact on political spending in preparation for nationwide elections to Congress in November.

POLICY RECOMMENDATIONS

The roots of the strike at UPS were the illegal, fraudulent, and capricious interference of union leaders—both inside and outside the Teamsters—in the union's presidential election in 1996. These leaders demonstrated their disregard for the law and for their responsibilities to union members. Their practices should evoke a response from Congress on behalf of all union members and the public.

Congress can take several steps to protect the rights of individual workers.

45. 487 U.S. 735 (1988).

46. Center for Responsive Politics, "The Big Picture: Where the Money Came from in the 1996 Elections."

- **Reform the law on collectively bargained pensions.** No reform would have greater impact to prevent the improper use of union revenues than changing the law on collectively bargained pensions. Under current practice, contributions on behalf of the pensions of individual union members are managed by a collective: Either a union (as in the Teamsters–UPS case) or a joint company–union administration (as UPS proposed) controls the fund. Instead, pension contributions should be converted to individual property vested in the individual worker after a short period of employment. This system would grant individual workers the freedom to invest their retirement funds into any one of a wide range of financial options, including mutual funds, insured savings, or other bona fide financial instruments.

  Because such pensions would accrue according to defined contributions, the problem of unfunded liabilities would be eliminated, making the pensions of union members more secure. In addition, such pensions would be portable, allowing union members to transfer retirement savings when they change jobs. Because trustees would manage funds individually, neither union officials nor employers would have the ability to divert or abuse the pension funds of workers. The retirement system enjoyed by unionized federal government employees provides a useful model for the type of secure, worker-directed, and portable retirement plan that should be available to private-sector union members.

- **Require unions to make more thorough disclosure of receipts and expenditures, including dues money and funds spent for non-collective bargaining purposes, especially politics.** Currently, the Labor Management Reporting and Disclosure Act requires unions to file financial reports. Information on union membership and finances provided in annual LM–2 union disclosure forms filed with the U.S. Department of Labor, however, frequently is vague and incomplete. The Department of Labor neither sets guidelines for the information it requests nor performs audits in order to verify the accuracy of the information submitted. Therefore, reforming disclosure could be as simple as applying more stringent requirements to existing reporting forms. Perhaps most important, this information should be made available to union members and the general public via complete disclosure of LM–2 forms on the Internet.

  Congress also should require unions to mail copies of their financial reports, including dues rates per member per year, to their members and to those paying agency shop fees. Currently, some (but not all) unions distribute annual financial statements to members via union newspapers and journals. These statements fail to inform members of such basic information as the percentage of their pay exacted by the unions, a figure that is obfuscated by periodic rate changes made by union leadership as well as by automatic adjustments triggered by the consumer price index. As a result, many members do not know what they are paying to their unions in the form of dues and therefore cannot assess adequately whether they are receiving benefits commensurate with the costs.

  In particular, unions should be required to report the amount of dues money spent on non–collective bargaining purposes, particularly politics. Disclosure of union spending on activities beside collective bargaining should include separate reports on the value of in-kind contributions made to political campaigns. In-kind contributions should include paid time off for employees of unions, reimbursements issued to union campaign volunteers for expenses, and the share of administrative and officers' salaries and expenses allotted to political activities.

- **Congress and the states should enact paycheck protection legislation so that union leaders do not spend dues money on politics without annual written consent from union members.** Congress should seek to protect union members from having their dues money used, without authorization, for political purposes. Under President Clinton, the National Labor Relations Board has failed to keep union workers informed of their rights to a refund of dues money used for non–collective bargaining purposes. Considering the inaction of the executive branch, Congress should seek to implement *Beck* rights via legislation. To correct the abuse of compulsory union dues, and to enable union workers to exercise their full rights under the *Beck* decision, Representative Harris W. Fawell (R–IL) has introduced the Worker Paycheck Fairness Act (H.R. 1625). This legislation would require employers to inform workers of their legal rights regarding the payment of union dues, compel unions to inform workers on how those dues are spent, and mandate that unions obtain written permission from their members before spending their dues for non–collective bargaining purposes. Senator Don Nickles (R–OK) has introduced similar legislation in the Senate in the form of S. 25. These efforts in Congress, however, do not preclude states from insuring *Beck* rights through state legislation or initiatives. To the contrary, the success of Washington state's Initiative 134 and the public support thus far for the California Campaign Reform Initiative suggest that popular support for workers' rights is capable of achieving at the state level the protection denied workers at the federal level.

Leaders in Congress should seek to correct the financial roots of the scandals surrounding Carey's reelection as the Teamsters' president. In particular, Congress must address the way in which union leaders treat their fiduciary responsibilities for their members' moneys—moneys obtained primarily from dues paid under the compulsion of a standard union or agency shop and the checkoff.

- **The federal government should increase its supervision of labor unions through both the Department of Labor and oversight committees in Congress.** The events preceding and following the strike at UPS also should bring about important changes in public policy governing the election of union officials. The Department of Labor is supposed to monitor union elections under the Labor Management Reporting and Disclosure Act of 1959, but if the Teamsters election reveals anything, it is ineffectiveness of the Department of Labor and the Labor Management Reporting and Disclosure Act. (The Teamsters' presidential election in 1996 was held under a special 1989 agreement between the union and the Department of Justice.)

Because the Department of Labor in the Clinton Administration has been so lax in enforcing its oversight responsibilities, the Oversight Subcommittee of the House Education and Workforce Committee will hold hearings in spring 1998 regarding irregularities surrounding the 1996 Teamsters election. The guilty pleas entered in federal court by officials of Carey's campaign, the gravity of the charges leveled against Carey and other leading union officials, and the alleged involvement of officials from the Clinton–Gore reelection campaign make oversight hearings in Congress essential. As part of its investigation, the Oversight Subcommittee should examine the management, security, and rates of return of Teamsters pension funds. The Employee and Workforce Commission's Taskforce on the American Worker should review union pension arrangements generally as a part of its review of workforce needs for the 21st century. The Oversight Subcommittee should be unflinching in its use of subpoenas and other investigative tools to pursue an effective inquiry into the misuse of union funds.

CONCLUSION

Historically, public policy has bestowed numerous and important legislative privileges on labor unions in what was believed to be the public interest. Surely, Congress has an equal responsibility to the public and to union members to insure that these privileges and immunities safeguard rank-and-file union members and do not place union officials effectively above the law. Above all, Congress must insure that union managers are held accountable for their members' moneys, especially because most of those funds are collected under compulsory membership agreements and the checkoff.

The Teamsters' strike against the United Parcel Service was the most important and far-reaching strike in decades in U.S. labor relations, but its results were not those for which union leaders had hoped. Initiated ostensibly for the usual bargaining purposes—wages and the conditions of employment—the real motive for the strike was political: To refurbish the image of the Teamsters' then president, Ron Carey, and to demonstrate that labor was rebounding. On both counts, the strike at UPS failed. Labor's perennial claim that it represents the interests of all workers—non-union and union alike—was always just rhetoric. Rather than reversing labor's decline, the UPS strike was a desperate attempt by beleaguered union leaders to preserve their own political power. The failed strike, and the scandals related to it, will serve only to hasten the decline of traditional unions. The 90 percent of private-sector workers that is nonunion will remain skeptical—and its share is certain to increase.

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