
The Webb Patterson Report

Labor Greet the 21st Century
Southern Style

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The Labor Movement Enters the 21st Century with Some Victories, Some Defeats, Enthusiasm & Determination

Take a snapshot picture of workers at virtually any business in the South on a given day, and the picture likely to develop is one of general but not fanatical dissatisfaction with working conditions. Virtually the only industry not affected by labor unrest seems to be the Mom and Pop grocery business, and one of them probably is tired of working seven days a week and wants some time off—with pay.

Some of the targets in the year 2000 are potential new ground for organized labor: Wal-Mart, gambling casinos, Microsoft, IBM, and public employees. New techniques by organizers and new laws in four of the 20 states that are not favorable to collective bargaining for public employees could lead to major gains in this traditionally non-union sector this year. Kentucky, New Mexico, Maryland and Washington are considering legislation that would make collective bargaining legal for public employees.

But, despite some gains, new techniques and a lot of dissatisfaction among individuals, the labor movement in the South faces some formidable obstacles, not the least of which is a century-old tradition of distrust of unions among southern workers.

Operation Dixie

The last major effort to unionize the South was called Operation Dixie. It lasted from 1946 to 1953, from shortly after WWII to the end of the Korean War, and it failed for racial, political, and traditional reasons. The South has never had a large union presence because of racial divisions, a tradition

of paternalism among Southern employers and an easily fostered belief that unions represented communism. Workers received a sort of welfare program from employers, and they responded traditionally with a strong sense of loyalty. Last year, there were 20 successful union campaigns in North Carolina that got as far as a vote by employees. Not all were successful, partly because management was able to rely on the old standby of paternalism and offer benefits such as increased health insurance and safety training that once came only with union membership.

Another reason union movements have low response in the South is the fact that few people in power give the labor movement any credence. Union history goes untaught at most schools, says Paul Luebke, professor of sociology at UNC-Greensboro. Prof. Luebke also represents Durham County in the North Carolina Legislature.

South Lacks Positive Union Images

Prof. Luebke says the grip of anti-unionism is strong in the South because generations of working-class families received a steady diet of dire warnings about organized labor, equating the movement to communism and corruption. He said there also is a lack of positive union images in the South, as opposed to the Midwest, where union members drive nice cars and own fine homes, boats and vacation homes.

Last Spring, Webb Patterson Communications published a white paper research project on the labor picture in the South. A few of the points made last year:

- The economy continues to advance, and unemployment is at a 25-year low as Americans continue to spend freely, driving manufacturing to a faster pace of growth.
- The number and magnitude of strikes is down as workers realize it is easy to call a strike, but it is hard to end a strike and it is even harder to win one.
- In the South industries traditionally targeted by labor (textiles and furniture) are in transition, either declining or increasing production. The direction is unimportant; it is the movement that makes it difficult to organize the work force, and efficiencies in the growing companies make the work force smaller, thus more difficult to organize.
- It is becoming increasingly difficult to understand what unions are seeking, and even victories are harder and harder to define in terms of pure worker gains.

Victories Hard to Define in Terms of Worker Gains

The last point—victories are hard to define in terms of pure worker gains—continues to be a major concern as effects of the free-trade agreements negotiated several years ago continue to see thousands of assembly-type jobs flee across the border to Mexico as employers seek lower wages.

All this is continuing to happen in spite of an ever-increasing economy. Generally wages rise in a tight labor market as companies compete for the best workers. The flight of jobs to Mexico has resulted in two parallel trends in the South. One is the devastating economic impact on a community when a company closes. The other is the influx of both legal and illegal low-income workers, many of whom do not speak English and will work at minimum wage in jobs that are often dangerous, tedious, difficult, exhausting due to long hours, or all of the above. Those who are here legally have green cards from the Immigration and Naturalization Service (INS) and are known now as “guest workers.”

One-Industry Towns

The textile industry is often the whipping boy of the South's industrial picture because it represents the effect of what happens to one-industry towns when the one industry goes away.

North Carolina's textile industry began the new century with plants closing, workers on the street and prospects for a turnaround bleak. The downturn in southern textiles continues a 20-year trend in which companies replace people with technology to stay competitive. In the decade just ended, the US textile industry lost 144,000 jobs, or about 20 percent of the total workforce. The South lost 117,000 jobs during the decade. Last year alone, almost 39,000 jobs disappeared in the textile industry.

The year 1999 began with Cone Mills shutting down its century-old Salisbury cotton mill, putting 625 workers out on the street. Three weeks later, Burlington Industries announced the closing of seven plants, permanently idling 2,000 workers.

In late December, Tultex, a Martinsville, Virginia, fleece maker, announced the final death knell to its operations as it was unable under the cash availability arrangements with creditors to sustain the buildup of fleece necessary to meet customer delivery schedules. The

shutdown marked the drop from more than 6,000 employees to less than 350 worldwide over a three-year period.

At the formal bankruptcy hearing in Danville, Virginia, the corporate attorney said Tultex, which had competed with Sara Lee and Russell Athletics for the sweatshirt market, would remain in business, but would shift its focus from a manufacturing and marketing company to a marketing and distribution company. The product, he said, would now be made exclusively in Mexico under contractor labor agreements, the same as Sara Lee and Russell Athletics.

More Than Jobs Lost, Town's Spirit Died Too

When Tultex closed its Mayodan mill, laying off 150 workers in early December 1999, more than just jobs were lost. In a sense, the spirit of the town and much of the county suffered with the lost jobs. The Tultex mill in Mayodan actually was older than the town. The building was constructed by Mayo Mills, the textile company that founded the town. Opened in 1896, the mill caused homes and businesses to spring up nearby, and a town was born some three years later with the charter of Mayodan.

Almost a century later, it all ended with the closing of the mill. It was the sixth major textile layoff in Rockingham County in two years, indicating the impact of cheaper imported textiles forcing American jobs south of the border.

The result among the remaining textile workers is one of intense relief that they still have a job amid the joint pressures of cheaper imports and technology that supports automated plants where no human hands actually touch the fabric.

These are hard conditions to try to organize, and we anticipate fewer and fewer successful efforts in textiles during the first few years of the 21st century.

Often the impact of a closing mill has more than just human consequences.

Near Tultex in Rockingham County the demise of Pluma, a dyeing and fabric finishing plant, left the town of Eden with a major shortfall in operating revenues for the water department. Pluma had been one of the top five water customers of the town, paying about \$1 million per year in fees. If another large water consumer is not found soon, the town may have to raise revenue fees to cover the deficit.

Fieldcrest and UNITE Meet at Turning Point

June 23, 1999 was a point in history for the textile industry and its long battle against unionization in North Carolina. On that day, six Fieldcrest Cannon textile plants voted in favor of unionization. Whether it was a turning point, a milestone, or a last hurrah of sorts will be determined by historians.

In one sense, it was a milestone for the union organizers. Few elections have been so sweet as was this one for the Union of Needle-trades, Industrial and Textile Employees (UNITE). Among the plants were the remnants of Cannon Mills, whose founder, Charles Cannon, was one of North Carolina's most fervent anti-union industrialists. From 1974 to 1999, the union managed to force five votes at Fieldcrest Cannon plants. The National Labor Relations Board overturned the third and fourth votes.

The final victory added 5,000 workers to the union and more importantly to UNITE; it may encourage other union movements in the South to take shape. If that is to be, it will be this summer, according to union watchers both in and out of the union halls. The significance of the Fieldcrest Cannon vote is the size. It represented the largest unionization of textile workers in the country and was the biggest union victory since the 1973 J.P. Stevens election that became the basis for the movie "Norma Rae." UNITE already represented some 4,000 Pillowtex workers at nine plants in the United States and Canada.

Pillowtex Will Have Fallout

"The Pillowtex situation will have some fallout, but it gives the union a plank in their platform to expand its base of operation," said Labor Attorney Ross McKibbin.

Prof. Paul Luebke at UNC-Greensboro believes the Fieldcrest Cannon/Pillotex victory will be a hollow one for UNITE.

According to Luebke, what made the difference in the 1999 vote and the previous four union attempts was not what the union did during the election, but what the company did. Luebke says Fieldcrest Cannon assured workers during the campaign that it would look out for their interests if they rejected the union. Then, the company was sold to Pillowtex, leaving long-time workers who had been the company's bulwark against

unionization feeling betrayed. Thus, he says, fortuitous circumstances rather than union strategy or message won the day for the union.

Social Cohesion Important

This was the case in the successful union effort at Case Farms poultry plant in Morganton, N.C., that was discussed in the last Webb Patterson white paper on labor issues. Case had a mass hiring of Guatemalan immigrants. The social cohesion among the Guatemalans eventually led to formation of a union.

The same factors may have played out at least to some degree in the unionization of the Kmart distribution center in Greensboro, mostly composed of African American workers whom UNITE was able to band together sufficiently to get a union vote.

The real significance of the Fieldcrest Cannon Pillowtex vote will be seen down the road, according to seasoned union watchers. It will only be after the new union members negotiate their first contract that they will begin to feel like union members. And only then will they become valuable advocates who can aid in organizing drives at other companies, a real-life testimony UNITE has counted on heavily in the past.

For example, UNITE members who helped organize the Kmart distribution center in Greensboro assisted with successful campaigns by the United Auto Workers at Kmart centers in Ohio and Pennsylvania. And other Kmart workers started the successful union drive at Crescent Sleep Products, a Greensboro company licensed to make Serta mattresses. Even the UNITE organizers admit it was a stroke of luck that the former Kmart workers went to work at Crescent at the particular time to be helpful with the union drive.

David Daniel, chief executive of Piedmont Associated Industries, believes unions offer little benefit to workers in an age when companies know they must provide better working conditions and benefits to the workers they want to keep. And in a high employment period, almost every worker hired is a "keeper." Daniel's philosophy: you cannot organize a well-managed company.

Just how and where that union movement might take shape remains to be seen. The victory at Fieldcrest Cannon did not result in an immediate groundswell of pro-union sentiment.

Textiles May Have Become Too Volatile

UNITE leadership acknowledges they may not focus much attention on other textile-related companies because the industry is so volatile. So much of the industry is moving to Mexico that once a plant is organized, it might be closed and production shipped south of the border. Fieldcrest was the exception for two reasons: some of its sister plants already were organized, and the company makes bedding, which does not face the same import pressures as do apparel fabrics.

With the traditional sources of membership drying up, where will the union organizers look this year? The answer is complex, but logical. Where are most low income workers? In service industries that employ large numbers in the aggregate, but in small pockets, which will mean more work for the organizers, but perhaps easier campaigns to win.

UNITE says it is looking at service industries, health care providers, and perhaps furniture companies and is already having some success. The most recent success, according to Harris Raynor of UNITE, was organization of National Linen Laundry units across the South and in other parts of the country. Raynor says the needle trade union got National Linen because the company rents uniforms and provides cleaning service at its local offices. This gets UNITE into the commercial laundry field, which is very ripe for organization throughout the Sunbelt states and especially in the beach areas where hotels and motels almost touch each other.

The Labor Picture Changes

With textiles on a steady decline, most of the major textile targets already captured, and there being no major incentive to organize among workers at the remaining shrinking firms in the ever-shrinking textile labor pool, the traditional labor picture changes.

That doesn't mean there is a lack of choices for labor organizers. It just means they are found in previously unlikely places.

Wal-Mart is the largest single employer in the United States, with over 600,000 employees. Ultimately, every community that has a Wal-Mart can expect to be visited by the United Food and Commercial Workers (UFCW). One of the first attempts came in early 2000 at the Jacksonville, Texas Wal-Mart meat department.

The meat packers voted for representation. Wal-Mart responded by closing the meat department.

Yarboro of Capital Associated Industries has been a student of union activity over many years. He believes the only major union activity on the horizon this summer will be in the meat packing industry where the United Food and Commercial Workers will make attempts at organizing the meat packers in Smithfield and other North Carolina processing plants.

"The meat packers have done their homework. They do things right, and the unions don't have much of an issue other than they are located in rural areas with little or no employment that can compare with their wages and benefits. It could be a hard struggle for the union," he said.

That scenario seems to back up predictions made last summer by Attorney Charles A. Powell of Alabama. After re-organization of the AFL-CIO, there was a turf battle to see who got to go after what industries, and the "kill and pack" chicken and catfish houses in the Deep South appeared to be a plum target that still has not been fully developed. Low-wage, low-benefit jobs with a growing percentage of Hispanic workers seem to make the packing houses ideal targets this summer now that the labor leaders have had time to get their sights set.

Some See No New Strategies for This Summer

Ross McKibbin of Haynsworth, Baldwin, Johnson and Greaves, LLP in Greenville, S.C., sees no new strategies on the horizon for labor this summer.

"The Carolinas in terms of the extent or creativity of union activity are about on course compared to last year," he said. South Carolina came within one petition of a record last year with 31 petitions by workers for union representation. Eleven were withdrawn or dismissed, and the unions won eight of the remaining 20 elections. Most of these elections were for 50 or fewer employees.

"This year through early June there have been nine elections in South Carolina, and the unions won five," he said.

Resorts continue to be targets of the hospitality unions, and the easier the pickings, the better the union likes it. The Hotel Employees and Restaurant Employees (HERE) picked up 18,000 new members last year, most of them through card-check recognition. It was HERE's best organizing year ever. Card-

check techniques paid off also for the Communications Workers of America (CWA), enabling them to secure agreements with AT&T, GTE and Southwestern Bell.

Using college students to make initial contacts, the hotel unions tried a summer recruitment program beginning in 1998 in the Myrtle Beach, S.C., area. Resorts have to bus in maids and other hospitality workers from as far away as 100 miles. The college students tried initial organizing efforts at the pickup points, with little or no success through last summer. There is no indication the program will be repeated this year.

Although that program did not bear fruit—partially because the target audience expressed a traditional distrust of outsiders—there is strong indication that the hospitality industry is on the verge of major labor problems across the country.

Travelers are seeing labor shortages at some hotels and tourist attractions in the form of declining levels of customer service. With U.S. unemployment at 4.1% and tourism booming this summer, hotels, restaurants and amusement parks are struggling to find and keep workers.

Hotels May Have to Turn Away Guests

According to testimony before a congressional subcommittee earlier this year, some hotels are fearful they may have to turn away guests this summer because they don't have staff to serve them adequately. Some travel businesses are taking a page from the Grand Strand resorts in South Carolina and are now bussing workers many miles from small towns that actually have available workers. Some businesses are reaching out to welfare recipients and offering daycare, discounted housing and free dry cleaning of uniforms.

Even Elite Feel the Heat

Even the elite feel the heat. Walt Disney World Resort in Orlando recently held a job fair with food and entertainment. They were seeking 2,000 workers for summer jobs to sell cotton candy and hot dogs and clean the entertainment complex. They hired 500 of the needed 2,000.

Watch for Communications Workers of America to focus this year on Microsoft and IBM, both with exceptionally strong union-free traditions. Microsoft has had its hands full with the federal antitrust suit that they lost in April with a judge's decision to split the company in half. With their hands

full on the anti-trust appeal, the mega computer software company may not be effective in keeping the CWA organizers out. At issue is the vast number of workers at Microsoft who are considered part-timers or independent contractors, although they work as many hours as full time employees but receive no benefits.

Microsoft has made it clear the company will go all the way to the Supreme Court to prove that the legions of temporary workers are employees of temp agencies, not the software giant, although many of the temporaries have been on the payroll for years. Some of the temps hauled Microsoft into court back in 1992 in a class action claiming they were full time and entitled to all benefits, including participation in the lucrative stock purchase plan. Microsoft won the first round and then lost several appeals.

Back in November 1999, just as Microsoft was bracing for another round of appeals, internal memos surfaced during the discovery process that indicate the attitude internally was in favor of converting the thousands of temporary workers to full-time status. Microsoft continues to do battle, but may have lost the key engagement in May 1999, when the U.S. Court of Appeals for the Ninth Circuit ruled for a second time that workers on the payroll for more than a few months are common-law employees, even if they are also signed up with a temp agency. All who qualify are entitled to participate in the company's stock purchase plan.

A new suit by the temps claims entitlement to health care insurance. Observers believe Microsoft has concluded it is time to give in and call a truce under the premise that it will be hard to define a worker as an employee for one purpose and a temporary for another.

“Ripe for Unionization”

Even Microsoft has for months been circulating internal memos that refer to the situation as “ripe for unionization,” and “attraction and retention of employees remains a critical priority. Converting long-term temps and then retaining them is a good strategy.”

Microsoft may eventually reject its own internal memos, but if it keeps losing in court, hiring the “permatemps” may turn out to be the easiest way out.

IBM, with 140,000 employees in the United States, has a major presence in 20 cities. At issue among Big Blue workers is a restructuring of the benefits package that at one time was one of the richest in the

business. IBM once was known as a company that took care of its own, and the full-employment policy was legendary. Employees signed on believing they had made a lifetime decision. Then came the 1990s, and Big Blue was losing as much as \$8 billion in one year. Very quickly the computer giant cut staff, cut payroll, and cut benefits. In the process, the company cut itself off from the very workers whose dedication helped IBM survive.

Union efforts at IBM began last year when the company changed its pension plan to a cash-balance system. This type plan allows employees to take pension benefits with them if they leave the company after working a minimum period. The move was designed to appeal to a younger, more mobile work force. It also would allow the company to shift money from funding a pension plan to increasing the number of employees eligible for stock options.

The plan was conceived to match the work force of today: younger, highly mobile, highly trained workers who put in five or more productive years and then leave to work for start-up Internet companies.

But changes in the way money was collected in the new plan leaves older workers losing significant benefits upon retirement. A 43-year-old worker with 21 years of service and about the same number until retirement would lose about \$200,000 at retirement under the new plan.

Many of those in the above category balked at the new plan and began attending CWA union meetings in large numbers, up to 175 at any given meeting last summer.

IBM Backed Down Under Complaints

IBM heard the complaints and backed down in September. The company more than doubled the number of workers who would be allowed to choose between the older retirement plan and the new one. The urgency for union representation seemed to abate somewhat, but it has not disappeared, thanks to the response the retirement issue raised.

IBM workers in California, Alabama, Colorado, Connecticut, Georgia, Maryland, Minnesota, New York, Texas and Vermont are meeting with a group called Alliance@IBM, but they acknowledge an uphill struggle.

White collar workers, and that includes the majority of IBMers, are notoriously difficult to organize. Only about 11 percent of white-collar workers in America belonged to unions in 1999, compared with slightly more than 21 percent of blue-collar

workers, according to the U. S. Bureau of Labor Statistics.

North Carolina has the lowest rate of union membership in the United States, with only 3.2 percent of the state's employees belonging to unions. Yet it was in the heart of North Carolina that IBM chose to issue a statement last summer that both acknowledged the presence of union activity and served as an admission of sorts to its vulnerability in the marketplace against competitors who were not unionized. The statement read in part:

"We do not believe that unions would serve the needs of our employee team or of IBM as a whole. Our competitors in the IT industry are mostly non-union, and we don't believe a union would do anything to help us be competitive in this fast-paced industry."

The statement issued by the company in August did not address the major issue among employees. Dissatisfaction still exists in the rank and file worker, even though he or she may be a "white collar" worker. The dissatisfactions at IBM revolve around unpaid overtime, high health-care premiums, a lack of wage increases, and the large-scale use of temporary workers. Some of these same dissatisfactions surface among Microsoft workers.

IBM Worker Strength Seen at Shareholder Meeting

The strength of the IBM workers was seen in April at the company's annual shareholder meeting in Cleveland where employees garnered sufficient strength among shareholders to force a resolution to the floor of the meeting calling for the company to give all its employees a choice between the cash-balance plan and the previous traditional pension plan.

The resolution was not expected by anyone to pass; however, employees hoped to get at least three percent of the vote to gain the right to bring it up again at next year's annual meeting. Not only did they get their needed 3 percent, they received 299.7 million votes or 28.4 percent. It was a surprisingly strong positive response from Big Blue's shareholders, and one which gives employees renewed vigor to work toward passage at next year's annual meeting.

Shareholder issues opposed by the board seldom get much support. This resolution did. And it got significant support from some major investors and advisory firms, including the California Public

Employee Retirement System. The sponsor of the resolution—an IBM patent lawyer—called the vote “phenomenal.” A spokeswoman for the Washington-based Pension Rights Center responded to the significance of the vote by calling it “the beginning of an employee pension revolution.” She added that the “IBM resolution is sure to spark a rash of similar shareholder proposals in companies throughout America.”

Looking at some further snapshots of interesting labor activity the summer of 2000:

Farm Labor Organizers Put Packer in a Pickle

Taking a successful page out of the 1980s, the Farm Labor Organizing Committee (FLOC) last year began an unusual tactic to get farm laborers under the contract. After finding no success in persuading individual farmers to help in organizing migrant workers, FLOC singled out the pickle industry, specifically Mt. Olive Pickle Co., the South’s largest pickle producer, based in Mount Olive, N.C.

FLOC wants Mt. Olive to sign contracts with its cucumber pickers, many of whom are illegal workers from Mexico and Central America. The union says the workers are forced to live in dirty, unsafe homes, exposed to dangerous pesticides and they get cheated on pay and benefits.

Mt. Olive counters by saying that the pickle company does not hire the farm workers, the company buys pickles from the individual farmers and therefore the issue is between the farmer and the farm worker.

Mt. Olive buys 100 million pounds of cucumbers and peppers each year, 35 percent of them grown in North Carolina.

In the 1980s, FLOC took on Campbell Soup Co in a similar case that went seven years before the company caved in and reached agreements with 28 tomato and pickle farmers in Michigan and Ohio.

This year, FLOC president Baldemar Velasquez took the issue to Kroger Co. grocery stores in northwest Ohio and convinced the grocery store’s zone manager for that region to pull Mt. Olive pickles from the shelves. Velasquez took pride in the action, although it only affected northwest Ohio Kroger stores, saying, “I think we opened their eyes,” meaning the grocery store’s decision to pull Mt. Olive.

What Velasquez did not do was to request that Kroger also pull its store brand of pickles at the same time they removed Mt. Olive from the shelves. As a Mt. Olive

spokesman pointed out later, both Mt. Olive and the Kroger store brand used cucumbers from the same Northwestern Ohio grower.

Mt. Olive President William Bryan says his contracts with suppliers require them to follow the laws and regulations, registering with the state Department of Labor and submitting to pre-occupancy inspections of any housing they provide their workers.

“Beyond that,” said Bryan, “it is inappropriate for my company to tell growers how to run their businesses.”

Airline Most Vulnerable Avoids Last-Minute Standoff

US Airways perhaps was the most vulnerable of the major airlines as spring strike fever came when the airline was trying to carry out an operational turnaround and improve service. When the new labor contract with USA’s 10,000 flight attendants was drafted in March, it ended a tense, last-minute standoff that threatened to shut down the nation’s sixth largest airline, perhaps completely.

The initial vote showed 78 percent of the attendants were in favor of the five-year deal that gave them an immediate five percent pay raise, five percent signing bonuses and six percent more in incremental raises over time. By final ratification in early May, US Air got what it wanted: a five-year breather, agreements with the last of its major labor groups, and almost all the negotiable points the airline went for in each of its individual negotiations.

Actors Put on Stern Show

Anyone watching television this summer and perhaps into the early fall will not see any new commercials showing Mr. Whipple squeezing the Charmin. If you see the venerable actor at all in a Charmin commercial, it will be a rerun; the actor playing Mr. Whipple will not be getting paid for that showing of the ageless toilet paper commercial, and that fact is at the heart of why more than 135,000 members of the Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA) stepped away from the cameras on May 1. The stakes are high, as much as \$700 million in lost income for SAG and AFTRA members who miss commercial shoots this summer.

The issue is a term called residuals. In simplest terms, it means every time an actor appears on screen, he or she gets paid

a certain fee, usually small but adding up with repeat showings.

The system of residuals, also known as "pay per play," began a half century ago when there were three networks and it was relatively easy to account for the number of showings a commercial got in a week or month. Then came cable and an explosion of venues on which to place commercials. The cable system led to evolution of a flat-fee system for actors, usually for a three-month period, after which a new fee would be paid. Back in the 1950s, the three networks delivered more than 90 percent of the commercial messages to American households. Today, that figure is less than 50 percent.

The difference can mean big dollars to an actor like Frank Simmons who appeared in a recent General Motors commercial. For a three-month period during which the commercial was shown widely on cable systems nationwide, he received \$1,100. During the same period the commercial was shown on the network "Big Three," he received more than \$40,000.

The actors' unions also are hurt by the shutdown. Commercial production represents about 60 percent of the SAG income—some \$720 million per year. Analysts believe the entire Southern California economy could be hurt.

Actors want a continuation of pay per play, expansion of the system to cable and establishment of a pay structure for ads on the Internet.

Ad makers want scrapping of pay for play in favor of the flat fee system for all distribution of commercials.

Exciting New Talents Are Emerging

On the upside: ad agencies are finding a lot of exciting new non-union actors who have stepped forward to fill the gap. But the unions played hardball by picketing non-union commercial filming. The unions scored the first victory when Tiger Woods, a non-union actor, refused to cross a possible picket line, forcing cancellation of a Nike commercial. Advertisers before the strike were beginning to see certain credibility advantages to using "real people" in commercials for everyday products, because they give a third-party endorsement that is more believable.

A short strike may have no lingering side effects; however, an extended walkout will see ad agencies and production companies move the work across the border to Canada, which happens to be virtually

non-union and which happens to be where a great many American movies are filmed for that reason.

No matter who wins this one, the price of a commercial undoubtedly will go up and so will the price of each product advertised. The loser: the American consumer.

Illegal Workers Present Unique Problems

Union organizers long have looked at the hospitality industry as a source of potential membership. The industry has had a reputation for low wages, long hours, discrimination and harsh working conditions for years. Witness the number of major restaurant chains currently defending suits by workers—Cracker Barrel, Shoney's, etc.

Add to the already rich mixture of ingredients the added spice of illegal aliens who are willing to work under the above conditions, and the time is right for organization. How vulnerable the industry is for labor activity is evidenced by the recent shift in the position taken by the AFL-CIO on the illegal alien issue.

Fifteen years ago, the AFL-CIO backed employer sanctions that made it a crime for an employer to knowingly hire an illegal alien. In 1985, union activists viewed undocumented workers as competitors for jobs or potential strike breakers. The Immigration and Naturalization Service (INS) estimates that 275,000 undocumented workers enter the United States every year, and 6 million now live here. In 1986 the Immigration Reform and Control Act gave amnesty to the 6 million illegal aliens who had managed to come here and get jobs. Many of those former undocumented workers have since settled into work patterns, moved up the socio-economic ladder and are active voters whom politicians now are courting as a new source of power.

Moving forward to mid-February 2000, the AFL-CIO at its winter meeting called for a new amnesty for undocumented workers and repeal of the 1986 law that made hiring them a crime.

Just one month before the AFL-CIO resolution was being debated, nine illegal aliens from Mexico won a \$72,000 judgment against Holiday Inn Express for "illegally" terminating them. It was the first time in history the Equal Employment Opportunity Commission intervened on behalf of illegal immigrants.

Their crime was to help fellow workers organize a union at the hotel in Minneapolis. The hotel responded by firing them and reporting them to INS as illegal aliens.

After the workers were arrested, Local 17 of the Hotel Employees and Restaurant Employees Union filed a complaint with the NLRB and the EEOC. The hotel settled the suit without admitting any wrongdoing. Each of the undocumented workers received \$8,000 and transportation back to Mexico.

Janitors Take a Break

What would happen if all the janitors in a major city failed to show up for work one day? Seattle and Milwaukee found out August 1, as will Detroit, Denver and Philadelphia on November 1. For a clue as to their fate, workers in those cities need only look at the experience of San Diego, Los Angeles and Portland, Oregon on April 1.

Hoisting brooms and mops, thousands of low-income janitorial workers walked off their jobs, leaving the companies that clean 70 percent of Los Angeles County's commercial office space scrambling for replacements.

In Chicago in early April, 125 janitors began a hunger strike to protest lack of health benefits.

The timing is not by chance. The Service Employees International Union (SEIU) negotiated contracts five years ago that would expire within months of each other. Their intention was to combine the clout of 100,000 workers whose independent actions in cities all across the country would have a significant impact if their activities took place all at once. The message has not been lost.

In cities where it has locals, the union represents up to 90 percent of all service workers. In the nation's capital, union membership went from 40 percent to 77 percent over the past five years. The union went from zero to 75 percent representation of the Denver-area service workers in an 18-month period from 1988-1989.

Some Observers See a Quiet Summer Ahead

John Yarboro of Capital Associated Industries advises companies large and small on how to avoid unionization. Yarboro believes the summer of 2000 will be relatively quiet because unions will be politically motivated this summer rather than expansion motivated.

"The whole strategy of the unions this summer will be to get Democrats elected in the fall. They need the Democrats in office at all levels to smooth the road for union activity. What little activity that does take place will be easy ones, corporate campaigns or sympathetic votes. When it comes to a close one, like the campaign involving Duke nurses (see next page), they will back off rather than run the risk of losing."

Yarboro said the last of the large union votes probably was the Plinkington Libby Owens Ford glass plant in Laurinburg where the union slid in without even a vote.

It was done on recognition by the NLRB of the card count among employees requesting a union vote. The company even agreed to what is known as a neutrality clause, meaning management would say nothing detrimental to the union at that or at any sister facility.

"We recently saw a merger of the Steelworkers and Rubberworkers, and next we probably will see a merger of that combined union with the United Autoworkers and Machinists to form a super union. The unions at that level are surviving by merging and pooling resources," Yarboro said.

The United Auto Workers (UAW) likely will make a move toward Thomas Built Buses in High Point. The bus builder now is part of DaimlerChrysler, which already has union shops, and Thomas workers appear to be receptive to recent preliminary overtones from a UAW organizer.

Only 3.2 percent of North Carolina's work force is represented by unions. This forces the unions to look at non-traditional sources for membership. This means the medical field, for example, and commercial laundries, just as UNITE says they already are doing.

Low Unemployment May Embolden Workers

The current low unemployment rate also gives a boost to union activity in the South this summer. Sociologists say workers become more emboldened if they feel other jobs are available should they be fired for union activity.

The medical field is becoming more receptive to collective organization than at any time in the past. Doctors especially are feeling the economic squeeze brought about by managed care companies. The strength and aggressiveness of managed care companies is forcing physicians to alter how they practice medicine, taking risks with

patients by ordering fewer tests than they would have in previous years while retaining all the risk for misdiagnosis.

Doctors also are feeling the squeeze on their paychecks under a system that pays them a capitation—a set fee per patient per month—thus limiting what they can earn and penalizing them for patients who need expensive treatment. Doctors believe the insurance companies are taking away the physician's traditional role of medical care decision maker, hospitals under pressure to make a profit are pushing the doctors' patients out of recovery beds as fast as they can, and the individual physicians are the least organized of the three groups in the medical care triad. The time is right, some medical experts say, for the physicians to get the power of organization behind them, and many patients agree.

Profit Pressure on Hospitals Forces Radical Changes

The pressure on hospitals to make a profit is forcing radical changes at some of the nation's most prestigious medical centers. These changes have a filter-down effect that may open the door to organized labor in the South.

Duke University Medical Center plans to slash 170 jobs to streamline its operations and overcome mounting financial pressures. Duke claims medical staff will not be affected; however, nurses already feeling the pinch are talking union. Here's why:

By cutting 94 non-clinical support staff and not filling 76 vacant positions, the hospital plans to save about \$7 million a year. Duke University Health System, which runs the main Duke hospital as well as Durham Regional and Raleigh Community hospitals, posted a \$2.3 million loss last June 30. The hospital system also has been hit by cuts in fees paid by Medicare and managed-care companies as well as high drug costs. Hospitals for years have used a system known as cost pass-through to maintain income in times of managed care and government cutbacks on reimbursements. The system is fairly simple. Medicare, Medicaid, indigent care and most railroad retirement system payment schedules do not come close to paying the actual cost of treating those patients. Federal guidelines require hospitals to accept and treat indigent patients if federal money was used in any way in the construction of the facility.

When a hospital faces a shortfall

from one of the above sources, the facility simply "passes the cost on" to the paying public. In 1995, the pass-through amounted to approximately 48%. This means that every patient paying his or her own way either through personal funds or by insurance was paying approximately \$48 out of every \$100 of his or her bill to treat someone else. And the system is perfectly legal, according to North Carolina's attorney general.

No Targeted Jobs Related Directly to Patient Care

None of the targeted jobs at Duke is directly related to patient care; however, some nurses have complained that cuts in support staff have made their jobs harder by forcing them to pick up the slack. This, say the nurses, reduces their effective treatment of patients.

As the proposed vote date of June 23 approached, more and more nurses became vocal against the proposed union. Just over one week before the scheduled vote, there was no clear victory in sight for either side when the union suddenly and unilaterally delayed the vote, charging the hospital with violations of labor laws involving unionization drives. The hospital denied the charges and an NLRB investigation was called to decide the matter.

The immediate impact was to further widen the gap between the pro- and anti-union nurses. The postponement came at the beginning of the vacation season, leading anti-union leaders to view the delay as a tactic to gain time to rally more support among wavering nurses. In fact, many nurses visiting the anti-union Web site registered anger and indicated the delay swayed their vote against the union.

Steel Settles Long Strike in Charlotte

While UNITE registered a huge gain in the textile industry last year, it was not the only major victory for union representation. The United Steelworkers settled a strike that had lasted more than a year at the Charlotte Continental General Tire plant. More than 1,450 workers walked off the job in a \$90 million wage and benefit disagreement that went back to 1995.

The company hired 900 replacement workers and continued without the union workers while continuing to negotiate for their return. The agreement, reached last September, calls for a reduction from 1,450 to 1,300 workers, wage increases, cost of living

increases, improved pension benefits, a reduction from five shifts to four and a term of six and one half years for the contract.

The significance of the Continental General Tire settlement was two-fold. First, it put the Charlotte, N.C., workers on a par with tire-industry workers in other parts of the country. Traditionally, Southern workers have earned less on average than their counterparts across the nation. Second, only 15 union workers crossed the picket lines during the yearlong work stoppage. Previous strikes in the South did not see such solidarity.

A month before the General Tire settlement, the 9,200 steelworkers at Newport News Shipbuilding in Virginia ratified a contract ending, a 15-week walkout.

Those large settlements by steel and textile workers are the exceptions, although anecdotal evidence seems to indicate a subtle change in the attitudes of the Southern business community toward unions. During the Newport News strike, local restaurants gave discounted meals to striking workers and area churches gave moral support to the strikers and their families.

There is a logic behind this change in attitude. The South during the past decade or two has attracted huge numbers of banking and high tech jobs, and the economic change that comes with those jobs brings with it a more diverse population with greater pro-union feelings than has been experienced in the traditional Southern states over the years.

When the Prize Is Worth the Effort

What happens at a plant when the union loses five or six straight elections? Does the union just fade away, or does it come back year after year and try again? Taking a lesson from the experience at Lexington, N.C.'s Pittsburgh Plate Glass Industries, the union will try again because the prize—in this case more than 1,000 potential union members—is worth the effort.

Last summer, the union lost 594-553. It was the Teamsters Union's third loss in four years at the PPG plant. The union immediately objected, charging the company with various violations of the NLRB guidelines. A few months later, the union dropped the charges and the hearing was cancelled. The reason given by Steve Jones, organizing consultant for Teamsters Local Union 391 in Greensboro was prophetic: the only penalty against PPG should the union win their challenge would be to hold another election. And, according to Jones, "the company would simply repeat successfully the same offenses without fear

of punishment."

So, instead of pushing for a penalty election based on objections raised by the union, the Teamsters say they are "not backing away from the commitment to PPG," but rather are "changing our strategy." He did not say what the union's next strategy would include.

Closed Shops

In a far-reaching ruling last fall, the Supreme Court ruled that non-union members who work in a company that has union representation must pay union fees for gains that benefit all workers. Thousands of labor contracts require workers who choose not to join the unions representing them to pay fees similar to what union members pay in dues. Having to pay the union has long been a bone of contention among non-union workers, and a 1988 ruling said unions may not use such fees from non-union workers for any purposes other than collective bargaining. Non-members had sued to avoid paying dues, saying their dues were being spent on political goals with which they did not agree. In the most recent case, the NLRB ruled the employees should pay, saying recruiting new members indirectly bolsters a union's bargaining clout to the benefit of members and non-members alike.

The New South for Labor—Mexico

The last great effort to organize the South was Operation Dixie, as mentioned above. The program lasted from about 1947 until the mid 1950s and took place on the heels of a mass migration of U. S. industry to Georgia, Alabama and other Southern states following the end of World War II. Industry came in search of cheap land and labor and eventually transformed the rural sleepy South into an economically vibrant region. It happened in a single generation.

Then came NAFTA, the North American Free Trade Agreement, and Southern companies, especially textiles, went South again. This time it was south of the border to Mexico where U.S. manufacturers have hired more than 600,000 workers in the past five years. That's 600,000 U.S. jobs that don't exist any more.

The corporate migration into Mexico has been driven by the same logic that drove industry to the South in the 1950s: companies wanted to lower costs and in some cases to

get away from strong unions.

Other factors helped. Just as the growth of the U.S. interstate highway system after the war made it possible for goods to be transported quickly over great distances, and air conditioning enabled workers to bear the sweltering heat of the summer South, now e-mail, overnight package delivery and video conferencing are making the border between the U.S. and Mexico virtually irrelevant.

Mexico Ready for Corporate Invasion

But unlike the mid-1950s South, Mexico was ready for the corporate invasion. Mexico privatized its phone monopoly and much of its transport grid years ago. This drew companies such as Electronic Data Systems Corp. of Plano, Texas to come in and install services dedicated to the needs of U.S. multinational companies.

But where there are similarities, there are also differences. Whereas the South was settled largely by college-educated professionals, Mexico's north is attracting young, uneducated peasants whose earning potential will be limited, making it a potential target for union activity down the road.

All this has had a profound effect on areas little imagined when the word NAFTA is mentioned.

The impact was hard on workers in Kingston, Jamaica, especially those who sewed zipper flies into Gitano blue jeans sold in the United States. A worker could make a little more than \$65 per week at the job. In August Fruit of the Loom left Jamaica to consolidate its overseas operations at a new factory in Mexico where the company enjoys duty-free access to the U.S. market under NAFTA. This move by Fruit of the Loom dumped more than 500 workers into the pool of 11,000 who have been left unemployed by NAFTA-related moves out of Jamaica since 1993.

The irony of the move is that the Caribbean is one of the few areas in the world where the U.S. has a trade surplus—exports to the 14-nation Caribbean Community from the U.S. were \$4 billion against less than \$2 billion in imports in 1997.

Garment Job Loss Contributed to 25% Unemployment

The loss of jobs in the garment sector has contributed to an unemployment rate in Jamaica of between 20 and 25 percent at a time when Mexico's textile exports to the U.S. have risen at an average rate of 44 percent a year since NAFTA was implemented. U.S.

companies still operating in Jamaica say NAFTA parity must be given to the island nations to keep the companies from jumping ship and moving to Mexico. And that parity may come from a bill currently in Congress that would end duties on apparel made in the Caribbean and Central America, effectively granting trade parity in the region with Mexico.

U.S. executives already are beginning to view Mexico as an extension of the U.S. economy. And here is where history begins to repeat itself. U.S. executives are expressing concern about operating in a poverty-stricken country with high rates of crime. Does that sound like the concerns of northern U.S. companies during the 1960s when an impoverished Deep South was in the throes of racial violence?

Impact in Mexico Identical to That in Deep South in 1950s

The impact in Mexico is virtually identical to that in the Deep South four decades ago, according to Harry Watson. Watson is director of the Center for the Study of the American South at the University of North Carolina at Chapel Hill.

"Mexicans are beginning to experience some of the same displacements Southerners felt a half century ago," Watson says. "Migration of capital, creation of new industrial jobs, changing expectations of consumer culture and changing customs in the workplace all put an emotional strain on the traditional Mexican worker.

"Even the landscape is changing in the more affluent industrial northern Mexico," he says, "where gated subdivisions are being built to house expatriate managers and their families from the U.S., and row houses for factory workers are shooting up in the chalky adobe dust farther from town."

The new Mexican economy is also creating a new type of work force: migrants. So many multinationals have set up shop in Mexico, the native work force is rapidly becoming exhausted, forcing U.S. companies to look at a blended workforce, just the ingredient that could lead to union pressures down the road as individual groups of workers band together by natural selection and national selection.

China, Then Cuba, Perhaps

In late May of this year, the House of Representatives came together in an

uncharacteristic fashion to approve a fiercely debated bill to normalize trade with China, thus ending 20 years of annual reviews. The vote was 237-197.

The action was a victory for President Clinton, who had pushed hard for normalization of trade with China, and was a crushing defeat for organized labor, which had lobbied hard against the bill. In an election year, this was a bold move on the part of the Democratic leadership as they court labor hard for the November general elections. The Senate Finance Committee already had reported the bill out with an 18-1 approval when the House vote was taken.

The bill would open the way for Americans to take full advantage of a series of market-opening concessions China recently made in order to be allowed to join the World Trade Organization.

Labor waged one of its most intense campaigns ever against the bill, but they came up against the U.S. business community and an equally strong campaign. The key break came when Rep Charles Rangel (D-NY) came out in favor of the bill, saying, "Let's break down these barriers. Cutting off communication did not work for communist Castro. He's outlasted eight presidents. Don't let it happen in China." Rangel is top Democrat on the powerful Ways and Means Committee and a senior member of the Congressional Black Caucus.

Almost as though he were reading Rep. Rangel's mind, Fidel Castro took advantage only days later of a visit to Cuba by representatives of the 36-member Congressional Black Caucus to note that Republican members of Congress are now beginning to question the 38-year-old embargo against U.S. trade with Cuba.

"I Find That Very Significant"...Fidel Castro

"I find that very significant," Castro told the visiting Congressmen in early June.

Republican members of Congress traditionally have opposed normalization of trade with Cuba, a position at least nominally supported by labor. But intense and growing pressure from the farm lobby and maritime interests plus humanitarian organizations has lessened the strength of the anti-Castro forces in Congress.

Legislation pending in the House would liberalize trade with Cuba, Iran, Libya, North Korea and Sudan. A similar bill passed the Senate last year but died in a joint

Senate/House Committee.

From a labor standpoint, the sanctions against Cuba primarily have been felt in the farmlands of America where they cut U.S. farm exports by about \$500 million in 1996, according to a U.S. Department of Agriculture analysis. The above reduction cut 1996 farm income by \$150 million and resulted in a net loss of roughly 7,600 U.S. jobs, the Congressional Research Service said.

The farm lobby has heavily supported the bill, as have other special interest groups, including the pharmaceuticals. But it is the farmer who stands to benefit most from having a close international market for surplus foodstuffs. And it is a certainty that the mega conglomerate farms already are there through their foreign subsidiaries. According to Anthony Delio of Archer Daniels Midland, "the sanctions have been harmful. What we are doing is not depriving Cuba of access to food and medical products. What we are doing is depriving the American farmer and agricultural industry from participating in trade with one of our closest international markets."

Mr. Delio is heading up a corporate push in favor of the medical and food bill now before Congress.

Bill Expected to Pass, but There Are Contingencies

As of late June, Congressional insiders expressed strong belief that the bill to allow sale of food and drugs to Cuba would pass, but there was an equally strong belief that there would be limitations, such as a restriction that would prevent U.S. financial institutions from providing bank guarantees for financing the sales. Although this would be a hindrance, interested parties in Congress and the U.S. Chamber of Commerce still believe passage of the bill would be a major step toward normalization of trade relations between the two countries.

Summary

The South has become significantly more homogenized and sophisticated in the half century since Operation Dixie failed to bring organized labor to the southern states. With the changes that come with a mixing of cultures has come a greater awareness on the part of companies that they have an obligation to take care of their workers. This awareness is different from the paternalistic attitude of the first half of the century, and the application of that awareness has opened

new venues to the traditional labor movement. Change brings change. As jobs in the textile industry moved south of the border in search of cheap labor, the unions had to lower their expectation in terms of sheer numbers and had to expand their horizons in search of new fields to conquer.

The medical profession, farm workers, hospitality workers and other non-traditional sources of membership are now being targeted for union activity this first summer of the 21st Century. Webb Patterson will watch these and other developments in the labor picture and will report major trends in subsequent white papers. ■

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