

US Labor: The Crisis and the Potential

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A VERITABLE CIVIL WAR erupted in the past year among several of America's leading unions. At a time when over eight million jobs were disappearing, unemployment reaching highs unseen for nearly three decades, home defaults and foreclosures hitting all-time records with no end in sight, and labor's major legislative goals being cut to pieces, some of the country's biggest, most aggressive unions went to war — not against capital or Congress, but against one another.

At the center of this high-profile conflict was the Service Employees International Union (SEIU), or more precisely its controversial president Andy Stern. Yet despite a battlefield cluttered with larger than life personalities, this fratricidal conflict was not really about egos. It was about failed strategies, tactics, organizational panaceas and dead ends, financial problems, and loss of real social, economic and political power.

Ultimately it was about failure to grow. The Bureau of Labor Statistics tells us that in 2007 and 2008 unions saw a net gain of 739,000 members. That's nothing to sneeze at. But the majority (61%) were public sector workers, where unions although under severe attack are more or less stable and growing. The private sector gained only 284,000 in 2007 and 2008 or an average of 142,000 a year.

At this rate it would take 50 years to reach the 1980 level of just over 15 million private sector members. Things are worse, as the latest BLS figures reveal. In fiscal 2008, both the AFL-CIO and the rival Change to Win Federation (CTW), formed in 2005, showed a net decline in members on their LM-2 reports to the Department of Labor.

The AFL-CIO reported 146,939 fewer members, while CTW reported a disastrous drop of 458,083. Despite the triumphal rhetoric about colossal organizing victories and historic agreements, the leaders of most unions know this all too well.

When the 2009 BLS figures came out in January 2010, they revealed that in 2009 unions lost 771,000 overall, wiping out the gains of the previous two years. In the private sector, 834,000 members disappeared. The efforts of most of the big "organizing" unions in the private sector have either failed to achieve net growth (excluding growth from mergers) or have seen their efforts bring in fewer new private sector members.

About 15 unions based primarily in the private sector reported growth between 2000 and 2008. For some, notably the Teamsters, Steel Workers and Communications Workers, growth through mergers or absorptions of other unions accounted for all the net gain. It's not that these unions didn't organize anyone in that period, but without the gains from mergers they would have shown a net decline.

Illusions and Realities of Growth

In the numbers game, the big winner is the SEIU, the only CTW union to show a significant net gain through new organizing. But most of its nearly 400,000 “new” members were from the public sector, some through political deals with state governors who received SEIU campaign donations. In fact, even SEIU’s growth machine ground to a near halt in 2008 if one examines the figures carefully. [1]

Some of the fastest-growing unions in this period from 2000 through 2008 were actually smaller, mostly occupationally based unions. The two star performers over this period were the California Nurses, which grew by 31% (even before its 2009 merger with two other nurses’ unions that produced the new National Nurses United) and the Professional and Technical Engineers by 44%. While the numbers are relatively small, this appears to put a dent in the conventional wisdom that only big unions with big treasuries and staffs can grow.

Indeed, it also appears that another of the underlying causes of labor’s civil war is that several of these big unions are in danger of going broke. A longstanding problem that affects many big unions is that they spend more than they take in from members, the difference being covered by loans and income from or sales of investments.

In 1979 member-based income accounted for 89% of expenditures of the 10 biggest private sector unions. Today, member-based income is down to 75% for the same unions, despite many mergers and much organizing activity — or maybe because of it, as the current resource/staff driven approach of most unions is both slow and very costly. [2]

The SEIU’s percentage of member-based income shrank from 85% in 2000 to 77% in 2008, and in that year SEIU reportedly took out \$100 million in loans. UNITE-HERE saw less than two-thirds of its income come from members. Others, such as the Teamsters, did better by raising dues — a lot. Some like the United Auto Workers and the International Association of Machinists did worse as membership dropped. And while many of the bigger unions appear to have huge assets, by 2008 almost none had a surplus of assets over liabilities big enough to cover more than a year’s expenditures.

The meager results of years of costly organizing efforts are revealed in the minimal gains in union density in most of the private sector industries targeted by the more aggressive organizing unions. Despite some important organizing victories in recent years, union density in meatpacking is about 17% up from 16% in 2003, in hospitals 15% up from 14%, nursing homes a little above 11% up from 9%, grocery stores 21% down from 24%, motor vehicle and parts 24% down from 31%, truck transport 10% down from 12%, and so on.

One big success story is in the gambling industry (“gaming”), where UNITE-HERE claims 48% of all eligible workers are unionized. Of course, matters would be worse if no organizing had been attempted. Outside the economic fantasyland of Las Vegas, however, union power appears to be at an all-time low.

Despite labor’s dazzling mobilization for the 2008 presidential election, its waning power has shown itself in the gutting of the Employee Fair Choice Act, as card check was dropped. This was followed by the utter destruction of meaningful health care reform. Obama’s health care plan was wrong-headed from the start, embedding the insurance industry in the plan, and leaving the details to the world’s most corporate-financed and lobby-ridden institution, the U.S. Congress. There it was stripped of the public option meant to provide a “cheap” alternative to private insurance.

It was, of course, the mobilization of the right wing and the \$380 million the industry spent on the

latter that explain much of these defeats. But labor's disarray, political confusion, and inability or unwillingness to reprise the mobilization of 2008 allowed conservative Democrats to join forces with Republicans to thwart labor's (and many others') political hopes.

Neither federation nor any major union fought for single-payer or in any way attempted to alter the terms of debate or up the ante. Most said the public option was the bottom line, though SEIU's Andy Stern said even that wasn't a "deal-breaker" — and so, along with card check, it's gone.

Brief History of Labor's Civil War

Unions' failure to grow, particularly in the private sector, led to frustration, finger pointing, splits and growing raids. The immediate origins and details of this internecine conflict are far too complex and Byzantine to relate here. An outline will have to suffice.

In addition to decline itself, we can root the origins of the current civil war in two important trends. The first was the radical reorganization and centralization of the SEIU that began in 2000 and intensified at the 2008 convention. This established the SEIU as the top-heavy, by-any-means organizing machine we know today.

With this came the drive to merge local unions into huge statewide or multi-state "locals," the "innovation" of long-distance grievance handling via call centers, and the move to employer-friendly organizing via partnerships and sweetheart deals.

This would ultimately lead to internal opposition, especially from California's 150,000 SEIU affiliate, United Healthcare Workers-West (UHW). Later, some would say in retaliation for UHW's criticism, Stern proposed to remove 65,000 home health care workers from UHW without a vote.

When UHW resisted, this in turn led to the trusteeship of UHW-West and its split from SEIU to form the new National Union of Healthcare Workers (NUHW). More on this later.

The new direction of SEIU involved more than internal centralization and deal-based organizing. It included an aggressive effort to affiliate (by any means necessary) existing organizations with SEIU as part of its big-is-best drive.

Beginning in 2002, the SEIU staged a series of raids on and interventions in some seven other unions, many in jurisdictions where the SEIU had no previous presence, none of whom welcomed the advances.⁽³⁾ The tactics included robo-calls, visits and mailings to members, efforts to decertify, setting up front groups, and even intervening in internal officer elections. All failed except one: UNITE-HERE.

Along with the formation of the NUHW, this was the hot story of 2009. This brings us to the second trend underlying labor's civil war: the secession of 2005 when six unions left the AFL-CIO to found the Change to Win Federation.⁽⁴⁾ This sleek new fed, led by the centralized SEIU, was to do the organizing the old federation had failed to inspire in its affiliates. As argued above, it failed to do so.

Between 2006 and 2008, only the SEIU grew significantly, three lost members, and the others grew only slightly. UNITE-HERE was the big loser in those years, with a net loss of over 90,000 members.

UNITE-HERE had been formed in 2004 by a merger of the two unions that make up its name. Apparently the merger never took, and the two major leaders came into open conflict in 2008 with UNITE chief Bruce Raynor complaining that the former restaurant union HERE's organizing was too

slow and too costly. There was also the matter of the Amalgamated Bank, of which Raynor was chair and which he claimed should go with him. Presumably this fact was of some interest to the SEIU's Andy Stern.

Somewhere in the process Stern, who was already raiding HERE in gaming and food services, intervened, launching one of the most outrageous raids in U.S. labor history. By mid-2009 Raynor took most of his 100,000 or so members out of UNITE-HERE and into SEIU, which provoked a strong reaction from the leaders of many unions in both the AFL-CIO and CTW.

Some 27 union leaders signed a statement denouncing SEIU's raid on UNITE-HERE. For its part, the SEIU, which had laid off 75 organizers earlier in 2009, now had tens of thousands of new members, a new jurisdiction, and a piece of the UNITE-HERE treasury. The rest of UNITE-HERE retained the full name and returned to the AFL-CIO in September 2009.

In short, when all the efforts and strategies designed to slow down, halt, or even reverse labor's loss of power (the election of John Sweeney in 1995, the many mergers, "partnerships" with capital, new organizing tactics, the split at the top in 2005) failed to bring any measurable gains for labor, frustration exploded. The biggest "organizer" turned to raids and internal repression; the much vaunted merger of two "progressive" CTW unions in 2004 that was to drive new organizing further became an ugly divorce; the CTW itself split and was revealed as a shell, and labor's 2009 unseemly crisis became news.

The Plague of "Lean Production"

Beginning in 1979, collective bargaining was turned on its head as union after union made concessions, pattern bargaining collapsed, and the working class saw its average real income decrease. Even union wages, as the table shows, remained flat after falling during the 1980s. In the wake of the concessions flood of the 1980s came industrial restructuring, work reorganization and lean production that helped produce a shift in income, wealth and power in favor of capital.

| Average Real Union Wages 1975-2009
(ECI December 2005=100)
1975-79 1980-89 1990-99 2000-08
102.0 99.6 95.2 98.6

Source: BLS, Employment Cost Index, Historical Listing, Constant Dollars, 1975-2005 & March 2001-June 2009.

Lean production came first in "blue collar" industrial work in the 1980s. In manufacturing it contributed to the loss of four million production jobs from 1980 to 2007, before the current recession kicked in, even though output increased by more than half over that period.

A 30% drop in workers accompanied a 51% increase in output — this was the extraction of relative surplus value with a vengeance, and it took place not only in manufacturing. According to one estimate, the rate of surplus value across the economy rose by 40% from 1982 to 2000.(5)

Capital's share in national income rose from about 17% in 1979 to 20% in 2006, while the share of wealth of the top 1% of the population rose from its low of 20% in the mid-1970s to 34% by 1983, hitting a high of 38% in 1998. Before long, lean techniques spread to all kinds of service industries, public and private, transforming the work of the least and the most skilled alike.

Contract workers replaced janitors in many of the nation's high rise office building. Hospitals reorganized wards and altered work from orderlies to nurses.

Like the skilled workers of another era, the autonomy of many professionals was subordinated to the detailed demands of just-in-time product development and delivery. Management-by-stress governed the office, the ward, the big-box store, the design and engineering department, the transport-cum-logistics mega-firm, the hotel room needing “refreshing,” and the call center, just as it had the assembly line.

Along with lean production methods came the rise of pure and simple harassment to extract one more margin of increased effort. Recent surveys show workers complaining more and more about overwork and stress on the job.⁽⁶⁾ In its own recent survey, Labor Notes found evidence of increased harassment on the docks, in hospitals, at AT&T, and UPS. Older workers, in particular, were harassed in hopes they would leave presumably to be replaced by younger ones when the economy picks up.

The recession has accelerated this sort of management pressure as companies lay off workers without a corresponding drop in output. Indeed, as Business Week pointed out, “work hours fall at a 5% annual rate even as output increased at a 4% rate” and expressed concern about the results. The Economic Policy Institute reports that even profitable companies were laying off workers in 2009.

As a result, productivity for the non-farm business sector rose 8.1%, year-to-year, in the third quarter of 2009, and that after a 6.9% jump in the second quarter. In manufacturing the increase was over 13%, while in durable goods, where a million jobs disappeared from March 2008 to April 2009, it soared by 20%. This type of across-the-economy productivity increase at a time when workers are being laid off is certain to produce a long-term increase in work intensity that affects workers of all kinds.

Crisis, Conflict and New Actors

For now, the whip of high unemployment will moderate the worker reaction to this super-exploitation. In the longer run, the possibility of increased resistance among union workers is real, while the desire to resist may open opportunities for unionization among groups previously outside of or even distrustful of unions.

Already we have seen that some small unions based in the proletarianizing professions have grown significantly. Nurses, engineers, technicians, and teachers all show a tendency to unionize and fight efforts to degrade their work.

Both teacher unions, the National Education Association (NEA) and American Federation of Teachers (AFT), have grown significantly in recent years. In the private sector, the rapid growth of the California Nurses and the International Federation of Professional and Technical Engineers mark this trend, if only in its early days.

As Harry Braverman argued some 35 years ago, as capital expands into every crevice of economic and social life it necessarily brings with it its draconian methods of work organization. This process, already well advanced in many service industries, is typically accelerated during recessions and this one is no exception.

Like many institutions in capitalist society, unions change through crisis. Such was, for better or worse, the story of the American Federation of Labor’s growth out of the crisis of the Knights of Labor in the 1880s. Two decades later, the emergence of new forms of struggle produced the Wobblies (IWW), efforts by some AFL unions to form “all grades” organizations, and the campaigns to organize meatpacking and steel at the end of World War I. Again, over a decade later the crisis of the AFL led to the Congress of Industrial Organizations(CIO).

None of these changes were simple or linear, but each was rooted in the failure of a previous “model” or type of unionism. Labor’s civil war appears to be producing the sort of competition among unions that often leads to accelerated organizing. Of course, such competition can be destructive as well, particularly when it leads to raiding. But there is the chance that more labor activists will understand that both the SEIU “model” of super-centralization, and the old top-down business unionism from which it logically sprang, have reached a dead end.

One potential “experiment” in change and growth may lie in the health care industry. First of all, this industry is sure to expand under the Obama health care plan, albeit for many of the wrong reasons. There is already a staffing crisis in this industry according to the SEIU, and matters are sure to get worse.

Second, it has become apparent that in the private sector heart of this industry, the SEIU steamroller has lost its steam. The vast majority of its gains in health care have come from publicly employed home health care workers. Its real density in hospitals, most of which are private or “non-profit,” is around 10%, according to a study done by UNITE-HERE.(7) It is about the same in nursing homes.

Furthermore, this membership is heavily concentrated on the two coasts. On the West Coast, SEIU is losing members to other unions. It lost about 1,000 nurses in California to CNA in 2008.(8) When SEIU placed United Healthcare Workers West into receivership, its leadership and most organizers left to form the National Union of Healthcare Workers (NUHW). Assuming NUHW is successful in its NLRB petitions, SEIU is likely to lose at least tens of thousands of hospital workers in California. This could reduce the SEIU hospital membership from the 450,000 it claims to about 300-350,000 at best.

Enter the NUHW and the newly formed National Nurses United (NNU), the result of a merger of the CNA, the Massachusetts Nurse Association, and United American Nurses (UAN). Most of the UAN’s members come from Michigan and Minnesota, where SEIU is weak in healthcare, provides a base from which to organize this region.

NNU claims about 150,000 members (compared to the SEIU’s 85,000 nurses), while the NUHW has the potential later this year to reach a similar number if it can win the representation elections in its former UHW jurisdictions.

While not all members of these two new players in the healthcare industry are in hospitals, combined they may soon rival the SEIU in that industry.

Both NUHW and NNU are aggressive organizers and appear to refute the notion that you must be big to attract new members and grow. Both shun “partnership” with management and place importance on an active membership and union democracy. They are committed to improve healthcare generally and to fight for single-payer in so far as that becomes possible again.

The two are, of course, very different in important ways, NUHW being an industrial unions and NNU being occupationally based. Whether they can work out an accommodation for future organizing beyond their current bases remains to be seen, but certainly the potential for a dynamic alliance in organizing the 75% of hospital workers not in unions is there.(9)

Furthermore, the origins of the NUHW have forced it to function more as a movement than as a traditional business union. It has been denied regular income from dues check-off, and most of its organizers and activists function as volunteers. It works to win representation on the basis of its past bargaining performance, but also on the loyalty thousands of workers have to its leadership and

activist layer and to the type of aggressive unionism they represent.

NUHW has received financial and moral support from a number of unions and friends based not on institutional stability, but on the type of unionism it projects. And potentially, that is a kind of unionism far different from the centralized, top-down, “value-added” unionism projected by SEIU chief Andy Stern. Insofar as NUHW and NNU are successful in the coming year or so, they are bound to have an impact on some members and workplace representatives in the SEIU itself.

SMART, a rank-and-file organization formed a couple of years ago inside SEIU, points in this direction as do the defections of some past high level SEIU loyalists. It is even possible that this example may have some impact on other unions thrown into crisis, such as UNITE-HERE, which in 2010 faces stiff employer resistance in bargaining for some 50,000 hotel workers across the United States and Canada. These unions, along with others, are rooted in industries where the reorganization and intensification of work has been particularly extreme — and where the export of jobs is unlikely.

Big Questions

Predictions of “turning points” are usually disappointing. The year 1989, when the big fights at Pittston (mining) and NYNEX (telecommunications), seemed to presage a labor upsurge, comes to mind. So, no such prediction will be ventured here. Ultimately, any future upsurge will depend more on a general rising at the grassroots of the working class than on the behavior of a few unions.

There are many questions to be asked, not only about the institutional state of the unions or the dissatisfaction among current union members. There is also the subjective state of those 53% of non-union workers who said in 2005 they’d join a union given the chance. What is their attitude toward the capitalists who have shifted the burden of recession onto their already overloaded shoulders, the impact of what is left of the Employee Free Choice Act if and when EFCA becomes law (the “FDR Effect,” so to speak), the state of the economy and, of course, the resistance of capital should they dare to organize?

Yet there are millions of workers out there facing low incomes and high stress on the job as employers take advantage of the recession to cut jobs and intensify work even further. These are workers at the center of the nation’s most stressful workplaces: four million call center workers; the 3-4 million or more unorganized union eligible workers in hospitals; the 1.3 million working at Wal-Mart; the nearly 400,000 in meatpacking without a union; and, of course, the countless millions in the South who have no union representation whether in manufacturing, transportation or services.

The question remains, when and if these workers demand unionization: Will today’s or tomorrow’s union leaders have learned enough from the twin crises to answer the call with a genuine grassroots movement?

Kim Moody

Notes

1. The SEIU’s LM-2 forms show a net gain in active members of 110,703 from 2007 to 2008. The SEIU, however had 204,000 agency fee payers in 2007. This fell to 159,000 in 2008. Thus almost half of the growth is explained by what appears to be either a loss of these agency fee payers, a bad

thing, or a switch of nearly 50,000 represented workers to active membership, a good thing, but not real growth. Most of the other half is explained by the affiliation in 2008 of the 55,000-member North Carolina State Employees Association. The SEIU did win recognition for new members in fiscal 2008, notably 22,000 Massachusetts home health care workers, but the big growth figures come from elsewhere.

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2. For details on this see Moody (2009) 'Union Organising in the US: New Tactics, Old Barriers' in Gall, G. (2009) *The Future of Union Organising*, Palgrave Macmillan.

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3. These include: Security Police Fire Professionals of America; United Domestic Workers; California Nurses; Engineers and Architects Association; New York State Nurses Association; the Federacion Maestros de Puerto Rico; and UNITE-HERE.

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4. The six were: SEIU; Teamsters (IBT); United Food and Commercial Workers (UFCW); UNITE-HERE; Laborers (LIUNA); and the United Farm Workers (UFW). The Carpenters, which had already left the AFL-CIO, also joined CTW.

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5. The rate of surplus value is the ratio of money surplus value to wages. The estimate comes from Mohun, S. (2009) 'Aggregate capital productivity in the US economy, 1964-2001' *Cambridge Journal of Economics* 33:1023.

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6. For survey results see Greenhouse, S. (2008) *The Big Squeeze: Tough Times for the American Worker*, Anchor Books, 186-187.

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7. This study was obviously done to counter the SEIU's raiding in UNITE-HERE's gaming jurisdiction, but the figures are taken from SEIU sources and seem plausible. The difference between the estimated SEIU density and the BLS figures is explained by the fact that a dozen other unions have members in health care as well.

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8. The SEIU also lost 14,000 members from Local 1 Ontario in 2001 as a result of a forced merger.

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9. A possible division of labor in health care lies in the way hospitals are divided into eight bargaining units by the NLRB. For a valuable recent overview of unionism among nurses and the question of occupational jurisdiction see Benson, H. (2009) "Who Will Organize 2.5 Million Nurses in the U.S.?" *WorkingUSA*, Vol. 12, March 2009.

P.S.

* From *Against the Current*, ATC 145, March-April 2010. This article was excerpted from the monthly journal, *envio* (September 2009).

Footnotes

[1] The SEIU's LM-2 forms show a net gain in active members of 110,703 from 2007 to 2008. The SEIU, however had 204,000 agency fee payers in 2007. This fell to 159,000 in 2008. Thus almost half of the growth is explained by what appears to be either a loss of these agency fee payers, a bad thing, or a switch of nearly 50,000 represented workers to active membership, a good thing, but not real growth. Most of the other half is explained by the affiliation in 2008 of the 55,000-member North Carolina State Employees Association. The SEIU did win recognition for new members in fiscal 2008, notably 22,000 Massachusetts home health care workers, but the big growth figures come from elsewhere.

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