

Talks “collapse” at UPS, as management digs in its heels over demands for sweeping concessions

Tom Hall
6 July 2023

Work at UPS? Tell us what you think about the strike threat and what you are demanding in the next contract. All submissions will be kept anonymous.

Talks “collapsed” early Wednesday morning between the International Brotherhood of Teamsters and UPS, the union announced yesterday. With no further bargaining sessions currently scheduled, the union says that this raises the prospect of an “imminent” strike by 340,000 workers.

Having made record profits during the pandemic, the company is demanding massive concessions from its workers. Its initial economic proposal would include massive cuts to top pay for new drivers, a measly \$2.85 in wage increases over the life of the contract and freezing starting wages for part-timers at \$17 per hour. The company is even demanding the ability to increase operations to seven days a week and a provision for “reverse” cost-of-living adjustments in case of deflation.

While the Teamsters claim a strike is “imminent,” IBT President Sean O’Brien and the rest of the union bureaucracy are desperate to prevent one from taking place. They have only pledged to strike by August 1 if there is no deal. Although no new talks are currently scheduled, the bureaucracy will use all of the time available between now and the end of the month to try to cobble together a tentative agreement they will try to sell to the membership. Previous deadlines, walkouts and threats by the union negotiating team came and went, only for the union to quickly reverse itself.

That the bureaucracy has been compelled to promise a strike by August 1 is because it is dealing with a restive and angry rank and file, which distrusts the union apparatus and is determined to reverse decades of sellouts. This includes the current deal, imposed in 2018 by the union without workers’ consent.

The bureaucracy is desperate to prevent a strike, but rank-and-file workers are raring for a fight after voting by 97 percent for strike action. The bureaucracy has been carrying out stunt “practice pickets,” which they claim are part of the preparations for a strike.

But real preparations for a struggle require that rank-and-file workers take the initiative out of the hands of the bureaucracy and organize themselves. This means forming rank-and-file committees in every warehouse and workplace.

If there is going to be a contract that meets workers’ demands,

including a \$25 starting wage for part-timers, the elimination of all tiers and inflation-busting raises for all workers, power and decision-making must be transferred from the Teamsters apparatus to workers themselves. Workers must demand that all negotiations be live-streamed, not held behind closed doors.

Behind its angry-sounding public posturing, the Teamsters apparatus is preparing another sellout. Little to nothing concrete about the content of the discussion has been revealed to workers outside of periodic self-serving claims of “victories” on this or that issue. Even though the UPS economic proposal was quickly leaked, the union did not take the opportunity to release what its own proposals were. In recent days, Teamsters for a Democratic Union (TDU), the bogus “reform” caucus which is closely integrated with the O’Brien administration, has quietly shelved its demands for a \$25 per hour starting wage.

The recent contract at freight trucking company ABF shows what the Teamsters want to do at UPS. There, the union agreed to a contract with economics as bad or even worse than UPS’ initial offer, including a pathway for the company to underfund its pension obligations and ultimately replace them altogether with a 401(k). After a vote with little transparency, the Teamsters declared the contract was ratified “overwhelmingly,” in spite of substantial evidence of opposition, including the fact that the contract was overwhelmingly rejected at several locals.

However, it does appear, based off constant chatter on its social media channels and statements to the press, that the Teamsters really did want to have a deal struck with UPS by Wednesday, in order to give them ample to time to pass a deal before the strike deadline.

If they have been unable to do so, it is not because the Teamsters are demanding significant improvements in workers’ wages. They are searching for minor fig leaf changes to help them sell a pro-company contract to the membership. That is why last week the Teamsters hailed the elimination of second-tier “hybrid” drivers as a major win produced by tough bargaining, when in reality the company had proposed it from the start. They also played up an agreement on air conditioning for delivery trucks which only applies to new vehicles. Given that UPS keeps its vehicles in service for 20 years or more, this will leave drivers without air conditioning for another generation.

The reason for the lack of a deal is that management is digging

in its heels and refusing to give any more fig leaf concessions. Its “initial proposal” was not simply staking out a negotiating position but declaring war against UPS workers. Indeed, starting months before talks even began, the company has been laying off drivers and others across the country in order to intimidate workers.

The ruling class as a whole is preparing a hard line against the rapidly developing growth of opposition building in the working class. US corporations slashed more than 417,000 jobs in the first half of the year, according to a *Forbes* report this week, with the largest cuts concentrated in the technology sector. However, net growth in the manufacturing sector was virtually zero. *Forbes* wrote: “Employment growth is strong, but ‘fragmented,’ Nela Richardson, chief economist at ADP, said in a recent statement, noting that typically high-paying jobs in industries like tech and finance are becoming more scarce, as lower-paying jobs in leisure and hospitality keep growing.”

Over the weekend, as a strike by 7,400 dockworkers began, contract talks broke down in Canada between the International Longshore and Warehouse Union (ILWU) and the British Columbia port operators. The operators are in no mood to continue discussions under conditions where an injunction by Parliament is increasingly likely.

With contract talks set to start for the major US automakers in September, the industry is conducting mass layoffs and forced overtime. The industry is preparing to use the shift to electric vehicles, which are less labor intensive to build, to eliminate tens of thousands of jobs. A recent *Detroit News* article quoted an industry analyst, who dismissed out of hand suggestions that the companies might reinstate cost-of-living adjustments in the next contract. “That’s a no-go,” he said. “I think the automakers won’t do it. I wouldn’t say they never would, but it’s almost a hard no.”

In developments closely related to UPS, the United States Postal Service (USPS) is carrying out unprecedented attacks on its workforce. New calculation methods for rural letter carriers’ wages have cut pay for two-thirds of the workforce by as much as \$10,000 or even \$20,000 a year. Postmaster Louis DeJoy’s “Delivering for America” restructuring plan closed thousands of post offices and eliminated 50,000 jobs, in order to make the public corporation profitable and prepare the ground for its privatization.

While these attacks are aimed in the immediate sense to protect and enlarge record corporate profits, they are also driven by the serious fragility of the financial system, which has been vastly inflated through decades of artificially low wages for workers and cheap money monetary policies.

In the past year, the Federal Reserve and other central banks have been compelled to raise interest rates to try and rein in wage growth. However, this threatens to pop speculative bubbles on an even greater scale than the 2008-2009 recession and has already led to significant bank failures this year. The ruling class needs to keep levels of exploitation high in order to extract as much real value as possible from the labor of the working class and in that way keep its financial house of cards from collapsing.

While the Teamsters bureaucrats will continue their efforts to try and block a strike, their failure to do so by now suggests they are beginning to lose control of the situation. Their attempts to keep

workers in line through PR maneuvering collides with the objective and irreconcilable class interests of workers and management.

Critically, the failure to reach a deal raises the prospect of a more direct intervention by the Biden administration, which has moved to block strikes by railroad workers and dockworkers. In those cases, where contract talks had dragged on for months or even years, the direct involvement of White House officials, giving each party their marching orders, quickly produced deals along pro-company lines.

The Teamsters bureaucracy already has close ties to Washington, with O’Brien having visited the White House several times last year. It has spent much of the week on its Twitter account retweeting statements of “support” by both Democratic and Republican officials, including many who voted last year to ban a strike by railroad workers such as Democratic Socialists of America member Jamaal Bowman. On Wednesday, the Teamsters boasted that former House Speaker Nancy Pelosi—who ushered the strikebreaking legislation through the House of Representatives—had spoken out in support of UPS workers.

Through the veneer of “collective bargaining” where the unions are totally controlled by the company, the Biden administration is seeking to enforce a de facto ban on strikes. If the Teamsters fails to contain the rebellion of UPS workers, the White House could resort to the use of a Taft-Hartley injunction in the name of defending “national interests.” This would then lead to a direct political confrontation between the workers and the government.

The announcement of a deal for the West Coast dockworkers last month was clearly aimed in particular at splitting American workers from the strike by Canadian dockworkers. Now, Canadian dockworkers also face the possibility of anti-strike legislation from Parliament.

The breakdown of talks this week is an urgent warning for UPS workers. They must prepare themselves for a struggle against not only the company but against their stooges in the bureaucracy as well as the White House. They must develop rank-and-file committees at every hub, building up an alternative power structure to challenge the authority of the apparatus and transfer control to workers themselves.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact