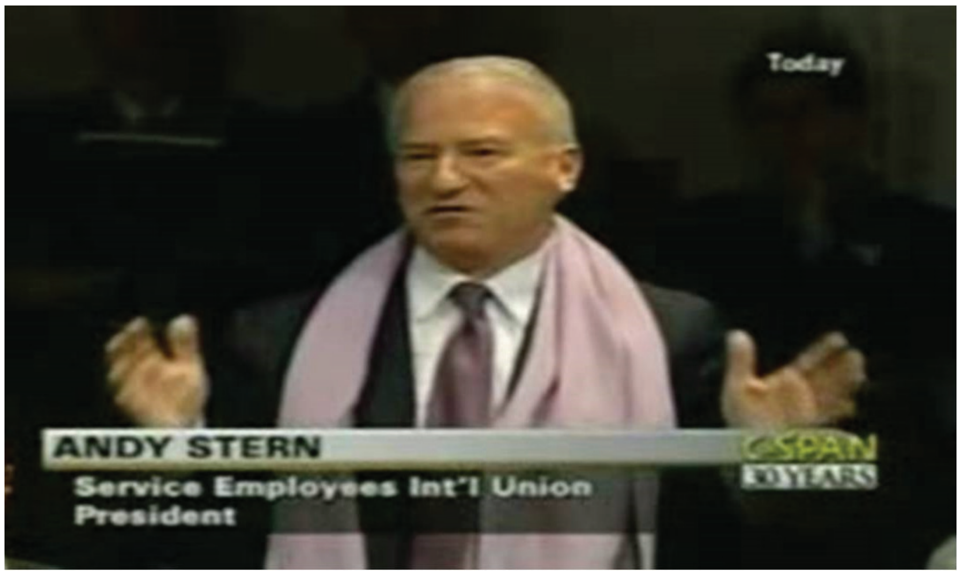
CRC CAPITAL RESEARCH CENTER

Labor Watch

Organization Man:
How Andrew Stern Plans to Transform the Union Movement

By Ivan Osorio

Summary: *SEIU president Andrew Stern claims that organizing new members is more important than winning elections. But he is amassing political power in Washington, DC, at the expense of his own local affiliates' independence and promoting a new labor federation that could eclipse the AFL-CIO. He is devising new strategies intended to give private employers incentive to let their competitors to unionize their workforces in order to protect market share and ensure a stable labor environment. In this first of two parts, former Labor Watch editor Ivan Osorio chronicles Stern's success.*



Stern's world famous scarf

"Nice scarf," President Obama quipped at the White House last February as he looked over the attendees at a "fiscal responsibility summit" to discuss budget deficits and the national debt. The President was joking about the bright lavender scarf worn by Andrew Stern, president of the 2.1 million-member Service Employees International Union (SEIU), which uses the color purple on its union labels. Obama's comments suggested familiarity with Stern, who is a frequent visitor to the White House. Indeed, a November review of official visitor logs shows Stern has visited the White House 22 times so far this year, making him the most frequent visitor ahead of such liberal luminaries as Center for American Progress president John Podesta (17 visits) National Organization for Women president Kim Gandy (15 visits), health policy adviser and former senator Tom Daschle (11 visits) and NARAL Pro-Choice America president Nancy Keenan (8 visits).

Stern's high profile is emblematic of the heightened status of SEIU within organized labor and in Democratic party politics. In many ways, Andy Stern has become organized labor's most powerful and influential labor boss. In terms of public visibility, political influence, activist militancy, and aggressive organizing, Stern and SEIU today are not playing second fiddle to anyone.

Of course, the AFL-CIO isn't going away anytime soon, and its influence isn't about to disappear. (In fact, the AFL-CIO recently acquired a new president. Richard Trumka, the labor federation's longtime secretary-treasurer and a former president of the United Mine Workers union, took over from the retiring John Sweeney in September). Still, there has been a remarkable shift in power within organized labor. In a few short years Stern has shoved SEIU to the front of the proverbial union queue. In 2005, he led the then-1.5 million-member SEIU out of the AFL-CIO, and created a brand new labor federation called Change to Win. Change to Win is chaired by SEIU treasurer Anna Burger, while Stern sits on its seven-member leadership council along with James P. Hoffa, president of the Teamsters union, Terrence O'Sullivan of the Laborers union, and Joseph Hansen of the United Food and Commercial Workers union. All are important—but there should be no doubt where the young federation's center of gravity lies.

What prompted the split? Mainly, it was a fight over strategy. As labor unions' share of the private sector workforce continues to decline, unions have tried to find other ways to remain influential. For years, unions relied on their political clout inside the Democratic party and their ability to turn out voters on election day. Stern has different ideas. He believes the key to the labor movement's future is to recruit new members, arguing that the AFL-CIO's preoccupation with electoral politics has come at the expense of union efforts to attract new workers and organize new industries and workplaces. Stern and SEIU are no less committed to political activism however. In 2008, they provided major support for Barack Obama's presidential candidacy, both during the primaries and the general election. The union endorsed Obama over Hillary Clinton in February 2008.

To revive the labor movement, Stern has gone where union leaders have not gone before—including using new tactics. He made headlines by meeting with executives of private equity firms that use cash to take publicly-owned companies into private hands. Stern said he wanted to have a "conversation" about the public policy implications of private buy-outs. In 2008, SEIU made a deal with the catering company Aramark. The union and the company reached an agreement on which employees would be unionized and which would not—without input from Aramark employees. And SEIU has not shied away from fighting with other labor organizations in recruiting workers to join it over another union.

Stern's priority throughout is on increasing SEIU membership, which explains why the union is such an aggressive advocate of the so-called Employee Free Choice Act (EFCA). It's unclear whether EFCA will pass Congress in this session, and no one can know how much EFCA would benefit SEIU. But no matter what happens to "card check" legislation, there is no doubt that Andy Stern and SEIU are going to make a big difference to the union movement.

Stern's rise marks another kind of change. The union president who reached high office by working his way up the ladder from the shop floor is becoming increasingly anachronistic. Today's new breed of union leader has broken out of the old career patterns and the narrow range of interests that long defined organized labor as a constituency. Instead of focusing on wages, hours, benefits and grievances, many of today's union chiefs embrace a broader, left-wing "progressive" agenda. They are concerned about social and environmental issues that would seem to have very little to do with labor. There is a good reason for this broad approach. Unions have developed a symbiotic relationship with left-wing activists for a wide array of causes ranging from feminism to environmentalism. Stern has enthusiastically endorsed this kind of activism.

Finally, Stern has decided to centralize decision-making power within SEIU. Under his direction, SEIU has worked to take away authority from local unions and concentrating it at SEIU's international headquarters in Washington, D.C. The results so far have been mixed.

Union Prodigy

Stern got an early start in his career in organized labor. He grew up in a middle-class home in West Orange, New Jersey—his father was an attorney—and gravitated toward left-wing politics as a student at the University of Pennsylvania. In 1973, at age 21, he began work as a social worker at the Pennsylvania welfare department, compiling case histories of aid recipients. The department's social-service workers had just been unionized, and, as The New York Times' Matt Bai, notes, "a group of young idealists, Stern included, seized control of the local union," SEIU Local 668.

Stern rose quickly through the union ranks and joined the union's national Executive Board at age 29. John Sweeney had become SEIU's president in 1981, the same year President Ronald Reagan fired thousands of striking air traffic controllers. Sweeney focused on returning the union to its roots in organizing low-wage and unskilled workers, and in 1984, he recruited Stern to become the union's chief organizer. In 1995, Stern ran Sweeney's successful insurgent campaign to oust long-time AFL-CIO president Lane Kirkland and to put himself in labor's top job.

Stern expected to succeed Sweeney at SEIU. However, notes Bai, "before an election could be held, Sweeney left the union in the hands of a top lieutenant, who wasted no time in firing Stern and having him escorted from the building." Stern fought back, leading an insurgent campaign of his own. In 1996, he became SEIU's youngest-ever president, at age 45. In 2005, Stern undermined Sweeney, the man he once had helped put in office, when he withdrew SEIU from the AFL-CIO, and took other major unions with him. On Monday, July 25, 2005, Stern and Teamsters president James P. Hoffa boldly announced that their unions were disaffiliating from the AFL-CIO and launching a new labor federation, named Change to Win. They claimed the AFL-CIO was failing to expand union membership under Sweeney's direction and was too focused on electing Democrats to political office. Since Stern took over in 1996, SEIU has be-

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come the country's fastest growing union—growing to over 2 million members, and a $325 million budget, according to its 2008 Department of Labor financial report. And Stern wants more.

Change to Win – at Politics

While critical of AFL-CIO politicking, Stern has not been shy about SEIU's own political activities. "We spent a fortune to elect Barack Obama—$60.7 million to be exact—and we're proud of it," Stern told The Las Vegas Sun in May.

However, SEIU's reduced political giving earlier in the decade may have reflected Stern's feeling that politics just wasn't achieving union goals. The website of the new Change to Win federation made the point clear: "We do not believe working people can win consistently on political issues until many more workers are in unions." SEIU gave over $6 million in both 2000 and 2002 to elect Al Gore president and give Democrats control of Congress. But in 2004, SEIU made campaign contributions of just $2,299,912—87 percent to Democrats, according to the Center for Responsive Politics. The Teamsters' contributions also fell from $3,169,140 in 2000, to $2,565,343 in 2002, to $2,155,502 in 2004. In 2006, SEIU gave $1,695,392 to candidates (92 percent to Democrats) to help Democrats gain control of the House of Representatives. In 2008, it gave $2,687,853 (94 percent to Democrats), according to the Center for Responsive Politics. As of November 1, 2009, SEIU political giving for the 2010 election cycle stood at $426,950 (100 percent to Democrats). Union efforts paid off as Democrats won control of Congress in 2006 and the presidency in 2008. These amounts account only for direct money donations to candidates. They do not include in-kind contributions such as "volunteer" canvassing, third-party advertising, and get-out-the-vote efforts.

SEIU also has been a major supporter of efforts to revolutionize the process of identifying and targeting likely Democratic voters. In 2008 that process was undertaken by Catalist, a national database of information collected from over 90 liberal groups, and the Analyst Institute, which conducts experiments on voter contact methods. (Catalist is the brainchild of former Clinton adviser Harold Ickes, a labor lawyer skilled in election law and notorious for aggressive political tactics.) "According to an analysis of their efforts, the SEIU was in regular contact with more than 4.5 million voters in 10 battleground states, including more than 1.2 million in Virginia alone," said the Atlantic Monthly's Marc Ambinder.

SEIU's efforts on behalf of Obama have not gone unnoticed. Several SEIU officials and allies have moved into positions within the Obama administration. Patrick Gaspard, who served as national political director for much of Obama's presidential campaign, was previously vice president for politics and legislation for SEIU Local 1199, the giant, politically powerful 300,000-member healthcare workers union in New York. On November 21, 2008, he was named White House political director. And on February 6, 2009, SEIU treasurer Anna Burger was named to Obama's Economic Recovery Advisory Board.

One of Stern's most powerful allies within the Obama Administration is Health and Human Services Secretary Kathleen Sebelius, described in an SEIU blog as "a partner with SEIU in championing America's working families." Sebelius, who was formerly governor of Kansas, campaigned alongside Stern for Obama in her state. (In May 2008, Sebelius and Stern co-authored a Christian Science

Service Employees International Union Political Donations

Cycle	Total	Democrats	Republicans	% Dems	% GOP	Individuals	PACs	Soft
2008	**$2,687,853**	**$2,538,603**	**$136,000**	**94%**	**5%**	**$167,303**	**$2,520,550**	**$0**
2006	**$1,695,392**	**$1,555,994**	**$108,650**	**92%**	**6%**	**$23,559**	**$1,671,833**	**$0**
2004	**$2,299,912**	**$2,003,162**	**$291,750**	**87%**	**13%**	**$72,662**	**$2,227,250**	**$0**
2002	**$6,859,346**	**$6,608,724**	**$223,122**	**96%**	**3%**	**$19,945**	**$1,976,662**	**$4,862,739**
2000	**$6,380,110**	**$6,150,835**	**$212,650**	**96%**	**3%**	**$13,565**	**$2,078,449**	**$4,288,096**
1998	**$2,825,385**	**$2,739,260**	**$74,125**	**97%**	**3%**	**$6,026**	**$1,704,984**	**$1,114,375**
1996	**$1,707,552**	**$1,702,802**	**$3,750**	**100%**	**0%**	**$18,282**	**$1,156,390**	**$532,880**
1994	**$1,434,030**	**$1,412,030**	**$19,000**	**99%**	**1%**	**$4,250**	**$1,057,694**	**$372,086**
1992	**$1,080,356**	**$1,058,724**	**$8,750**	**98%**	**1%**	**$3,150**	**$898,031**	**$179,175**
1990	**$407,071**	**$396,721**	**$8,350**	**98%**	**2%**	**$4,050**	**$403,021**	**N/A**
TOTAL	**$27,803,957**	**$26,593,805**	**$1,081,147**	**96%**	**4%**	**$335,142**	**$16,119,464**	**$11,349,351**

Source: OpenSecrets.org (These are donations to candidates for federal office or political parties of $200 or more.)

Monitor op-ed in which they called for regulatory changes to allow union pension funds to invest in infrastructure projects.)

Pioneering Corporate Campaigns

As aggressive as it is in politics, SEIU has been even more assertive at organizing. In 1921 SEIU got its start when the American Federation of Labor chartered a union for Chicago apartment janitors, called the Building Service Employees International Union. SEIU moved its headquarters to Washington, DC, in 1963 and dropped the "Building" from its name in 1968. In the 1960s, it aggressively organized government workers and grew from 275,000 to 430,000 members.

After John Sweeney became SEIU president, he and Stern perfected the union organizing tactic known as a "corporate campaign." Corporate campaigns are political and public relations campaigns that target a specific employer or group of employers through the threat of destroying a company's reputation. Corporate campaign tactics include feeding allegations of company wrongdoing to the news media, contacting stockholders to deride management and the company's financial health, filing complaints with regulatory agencies, and good old-fashioned picketing. Adopting and refining a strategy envisioned by the 1960s New Left, unions typically enlist allies, including religious and environmental groups. By using moralistic "public interest" arguments, these groups support the union cause while avoiding the taint of the union's self-interested motives.

The ideological roots of union corporate campaigns go back to the 1960s left-wing activist group Students for a Democratic Society (SDS). The core belief of SDS was "a view of the corporation, per se, as the critical actor in contemporary American society and as a target of opportunity to force social change," according to Jarol Manheim, professor of media and public affairs and political science at George Washington University, and an expert on corporate campaigns.

SDS student activists did not merely attack

SEIU targets

corporations to gain attention. The goal was to pressure corporations to become radical agents of social change. They did this by forging alliances with labor unions, government agencies, church groups and other civic organizations that had a potential influence over corporations. SDS and its allies researched potential weaknesses in a targeted company and identified key "stakeholders" who could bring pressure to bear on the company—customers, suppliers, financial lending institutions, the media, government regulators, and the general public. A key constituency for publicly traded companies was a firm's shareholders.

Manheim has noted that, "on the one hand, while [union membership] has been declining, another base of power has been increasing." Unions have learned to leverage the $3 trillion in assets in public employee and multi-employer pension funds run by boards that include union representatives. It is now a standard practice for unions to introduce resolutions at public company shareholder meetings. Typically, the resolutions call on the company to change its corporate governance practices or adopt specific public policy positions that will weaken the company's resistance to union demands.

A key to helping unions leverage these assets was the establishment in 1995 of the AFL-CIO Center for Working Capital. That was the year John Sweeney became president of the federation. In his 1995 AFL-CIO inaugural address, Sweeney proclaimed, "We will use old-fashioned mass demonstrations, as well as sophisticated corporate campaigns, to make worker rights the civil rights issue of the 1990s."

Sweeney's strategy got a boost in 1998, when the Securities and Exchange Commission (SEC) revised its Rule 14a-8. It allowed individuals and special interest groups holding shares in a firm to submit resolutions at annual board meetings, and it required the company to include the resolutions in company proxy materials sent out to all shareholders. Before 1998, companies could exclude proposals dealing with social issues such as the environment and human rights. But the new SEC rule allowed social policy resolutions to go before shareholders over management objections. A driving force behind this change was the more than 2,000 letters that shareholder activists sent the SEC. In 2005, when the Change to Win federation was created, SEIU established SEIU Capital Strategies, an organization similar to the AFL-CIO Center for Working Capital. Some observers correctly recognized this as a sign that the SEIU was about to leave the AFL-CIO.

Hassling Hospitals

One of most notorious corporate campaigns was SEIU's campaign against Catholic Healthcare West (CHW), the largest nonprofit private hospital system in California. CHW was founded in 1986 by the Sisters of Mercy. Launched in 1997, the SEIU campaign culminated in a contract that placed 9,000 employees at 20 hospitals across California under union representation. Yes, SEIU prevailed against a group of nuns!

How did SEIU do it? It resorted to obnoxious tactics that included one- and two-day work stoppages at CHW hospitals and noisy outdoor demonstrations. Doctors and patients complained about picketers who chanted slogans and beat on drums, and the smell of barbecue wafting from the picket line.

At first glance, CHW sponsorship made it seem an unlikely target for an aggressive corporate campaign. But the hospital chain's size and its religious mission made it vulnerable. SEIU defined the moral high ground in a way unfavorable to CHW. Instead of criticizing the company's management, it accused the hospital chain of not living up to Catholic social teaching, which recognizes labor unions. When CHW did not immediately recognize SEIU as the bargaining representative for its workforce, the union claimed that hospital management was undermining the Church's social justice mission by "resisting" unionization.

SEIU had an ally for this battle with the perfect name: the National Interfaith Committee for Worker Justice (NICWJ). This coalition of left-leaning religious activists was founded in 1996—the year after Sweeney became AFL-CIO head—by Kim Bobo, a Chicago-based activist with ties to the labor movement. SEIU turned up the pressure on CHW during the summer of 1998, at the Catholic Health Association's annual meeting in San Francisco. There, SEIU organizer May Kay Henry and NICWJ director Kim Bobo participated in a panel entitled, "A Just Workplace: Seeking Greater Understanding," in which Henry argued that Catholic teaching requiring a "just workplace" makes union representation essential. SEIU members demonstrated just outside the convention hall.

Sister Regina Williams, a Dominican nun active with NICWJ, accused the management of Catholic healthcare institutions of practicing "cafeteria Catholicism" when dealing with social justice issues. "They pick and choose what teachings they want to uphold," she told the Washington Post. "The mission of unions and of the Church is basically the same." SEIU's campaign included a full-page ad in the July 23, 1998 West Coast edition of the New York Times that faced off pro-union statements by Catholic leaders against allegations of intimidation at CHW.

Nonsense, answered Sister Mary Roch Rocklage, who heads the Sisters of Mercy Health System, a CHW partner. She told the Post that, although "the church does say workers have a right to organize, it doesn't say unions are the only way. There is a tendency to use sound bites from the Church's teachings to beat up on us, saying

Stern testifying before Congress

we're not following our own teachings."

Some employees supported SEIU, while others vigorously countered its claims. Henrietta Reyes, an admitting clerk at Mercy Sacramento, told Modern Healthcare, "There was a lot of intimidation," before a January 27, 2000 representation vote. She cited "constant fliers, bosses pulling us aside," but didn't mention any threats. However, Suzette Walker, another Mercy employee, told the same publication: "I resent SEIU's charge of interference and intimidation by Mercy management. I have always been treated with respect and dignity by management."

Why Card Check?

One reason the SEIU campaign went on for so long was that Catholic Healthcare West refused to agree to card check and neutrality agreements, and insisted on NLRB-supervised elections. It rightly saw that SEIU's insistence on company "neutrality" stacked the deck against it. SEIU's proposed "code of conduct" for an election at Mercy Sacramento, a division of CHW, included the following neutrality provisions:

* "A more open atmosphere that would allow the union to post information about the campaign on hospital bulletin boards."

* "Allow employees to meet freely with representatives from the union in the cafeteria and other non-patient areas, including break rooms."

* "Stop one-on-one discussions between supervisors and employees about the union."

* "Dismiss Management Science Associates, a labor consulting group, and agree not to hire union-busting consultants or law firms."

"They've asked us to remain neutral. Under their terms that means silence; that they can distribute their information and we can't," Mercy spokeswoman Cindy Holst told the Sacramento Business Journal. "We'd never agree to those terms. We're doing nothing to obstruct or prevent them from organizing, but want to create an environment in which employees know all sides." On January 27, 2000, Mercy Sacramento technical and service workers voted against unionization. Technical workers voted 305 to 195 and service workers voted 701 to 598 against SEIU.

Reversing election defeats is one reason why SEIU is fighting so hard to enact the misnamed Employee Free Choice Act (EFCA, H.R. 1409). The version of EFCA now before Congress would effectively eliminate secret ballots in union organizing elections. It also would empower a federally appointed arbitrator to impose a contract on newly unionized companies and increase penalties on employers for "unfair labor practices," which can include efforts to prevent unionization.

SEIU and Change to Win—which, for all practical purposes, follows SEIU's lead—haven't pulled any punches to win passage of EFCA. On February 13, 2009, Change to Win chair Anna Burger wrote Steve Bartlett, president and CEO of the Financial Services Roundtable, the leading financial industry lobby, to demand that any bank receiving government bailout money under the Troubled Asset Relief Program (TARP) keep quiet about EFCA. The Roundtable ignored her. Ten days later, she wrote Treasury Secretary Timothy Geithner asking for a gag order on TARP recipients.

When it was clear that Senate Democratic leaders did not have the votes to end a Republican-led filibuster, EFCA supporters peddled the false claim that EFCA would preserve the right to secret ballot elections. SEIU argued that, "Corporate interests are bent on lying about the Employee Free Choice Act—they'd have you believe that the bill means the end of the secret ballot—but nothing could be further from the truth. The Employee Free Choice Act simply gives employees the choice to join unions—not the employers." EFCA sponsor Rep. George Miller (D-Calif.) also said "The bipartisan Employee Free Choice Act simply gives workers the choice of whether to form a union either through majority signup or an NLRB election."

No, it doesn't. It gives *union officials* the choice of which organizing methods to pursue. The bill unequivocally states:

> If the Board finds that a majority of the employees in a unit appropriate for bargaining has signed valid authorizations designating the individual or labor organization specified in the petition as their bargaining representative and that no other individual or labor organization is currently certified or recognized as the exclusive representative of any of the employees in the unit, the Board shall not direct an election but shall certify the individual or labor organization as the representative described in subsection (a).

Under EFCA, union organizers can keep going back to workers until they get to 50 percent-plus-one. Even though EFCA doesn't explicitly abolish secret ballot organizing elections, secret ballots become a dead letter since unions have every incentive to go the card check route, because they can keep collecting signatures as long as they want. (The version of EFCA in the last Congress featured the same language.)

Last July, SEIU threatened TV stations that were airing an anti-EFCA ad produced by the Employee Freedom Action Committee. In a letter, SEIU lawyer Dora V. Chen told stations in Arkansas and Nebraska that they should "immediately cease airing this false and deceitful advertisement," because "political organizations do not have a 'right to command the use of broadcast facilities.'" As Reason magazine's Michael Moynihan noted at the time, "If the Chavista implications of these threats are still unclear, the SEIU puts it in sharper relief, obliquely threatening the station's broadcast licenses."

Unionizing Government Health Care

Public sector unions support government provision of health care not only because it would shift health care costs from unionized employers to taxpayers, but because greater government involvement in the one-sixth of the American economy that is health care would create opportunities to mandate union representation. To organize home health care workers, SEIU and other unions are seeking to expand the definition of "public" by trying to organize government contractors who receive any sort of state payment. For example, in 2007, Washington State authorized collective bargaining for adult-home-care providers who receive Medicaid and other state aid. Under such an arrangement, union fees can be deducted from paychecks before employees even see the money. As noted by Wall Street Journal columnist Holman Jenkins:

> [U]nions are steadily growing their clout in government and health care, two sectors that increasingly overlap and would become even more overlapped under the bills in Congress. Consider a scheme being test-driven in Missouri, where Democratic Gov. Jay Nixon, AFSCME and SEIU last year backed a ballot proposition to create a "Missouri Quality Homecare Council."
>
> As the A.P. matter-of-factly reported: "The ballot summary shown to voters said nothing about making it easier for in-home care providers to unionize." But that was precisely the function. Now some 13,000 home health workers hired by patients but paid for by Medicaid are on the verge of being recognized as a union.
>
> But won't collective bargaining inevitably mean higher Medicaid costs for Missouri taxpayer? Gov. Nixon, whose campaign reportedly received $650,000 from SEIU and AFCSME, obviously has other priorities.

Centralizing Power

One of Andy Stern's top priorities is to centralize decision making authority at SEIU's Washington, D.C, international headquarters. This is an ongoing multi-year effort that has generated some opposition from local SEIU unions. In fact, Stern's centralizing initiative is a key reason why SEIU broke with the AFL-CIO and organized the Change to Win federation.

In 2003, Stern, the Teamsters' Hoffa, and three other union leaders formed a coalition within the AFL-CIO that they called the New Unity Partnership (NUP). They had a radical proposal: Cut down the number of member unions in the AFL-CIO from 58 to about 20 mega-unions. The idea was to end the old labor model of many specialized local unions, each focused on a large employer or group of employers. Instead, Stern imagined just a few large and powerful regional mega-locals—in effect, labor cartels responsible for organizing an entire industry within a large geographic area. Stern made the case for this transformation of union organization in a 2003 white paper called United We Win.

Under the traditional organizing model, a union typically targets the most vulnerable employer in a given area or industry before going after its competitors. But the new model proposes to have mega-locals unionize entire industries by region using "trigger" agreements. Under a trigger agreement an employer agrees not to interfere with union organizing, and in return the union agrees that a collective bargaining agreement will not take effect until a majority of the market within a given region has recognized the union. This allows employers to negotiate in the knowledge that any increased labor costs that result from unionization are borne by all its competitors. (Of course, these agreements work only when there are no upstart competitors that jump into the market after a trigger agreement has been reached among all parties. Consequently, existing companies become complicit in favoring regulatory barriers that prevent any new companies from entering the market.)

Stern developed the "trigger" agreement strategy in the early 1990s when he saw how it could help SEIU unionize janitors working in large office complexes in downtown Los Angeles. He took the idea to the AFL-CIO. "A week after the election in November [2004], Stern delivered a proposal to the AFL-CIO that sounded more like an ultimatum," reported the New York Times' Matt Bai in January 2005. Stern demanded the mega-mergers as part of wholesale reorganization of the labor federation. "If the other bosses wouldn't budge, Stern threatened to take his 1.8 million members [at the time] and bolt the federation—effectively blowing up the AFL-CIO on the eve of its 50th anniversary." Then in December 2004, Teamsters president James Hoffa presented a similar set of proposals. Predictably, Stern met resistance from other established union chiefs, so, in July 2005, Stern, Hoffa, and the other NUP unions decided to pursue their goals on their own by organizing Change to Win.

Within SEIU itself, Stern has fostered more centralization. At its 2000 convention, SEIU adopted a reorganization scheme called the "New Strength Unity Plan" to amend the union's constitution to raise dues and give SEIU headquarters more authority over local union matters. The Unity Plan has provoked protests from many rank-and-file members over its many provisions that centralize union decision-making. The Plan sets out to do the following:

* Impose a uniform identity on all SEIU-affiliated local unions by requiring locals to give up their names and logos and adopt the purple-and-gold SEIU banner.

* Impose gradually increasing assessments per member.

* Pass the cost of the Unity Plan's implementation on to the locals by imposing new per capita assessments to be paid into a new entity called the "Unity Fund."

* Raise the dues minimum and raises and eventually phase out a cap on dues.

Defiant Canadian locals

* Give the SEIU international president the power to intervene in local union affairs and give SEIU the power to demand joint bargaining among locals.

* Give SEIU greater control over dues to Canadian local unions.

The last provision led eight Canadian locals—representing about 30,000 workers—to disaffiliate from SEIU following the plan's implementation. While Canadian locals were exempt from many of the new assessments, the Unity Plan gave SEIU headquarters the authority to spend Canadian locals' dues as it sees fit. Resolution #55 contains this provision: "The revenue from per capita taxes paid by Canadian Local Unions shall be spent by the International Union for activities that support Canadian Local Unions." The resolution did not define "support," which could be just about anything. SEIU fought the disaffiliation attempt and eventually reached a compromise with the dissenting locals. But the dispute still cost SEIU thousands of members.

SEIU spokesman Steve Trossman said, "To try to say that this is an SEIU takeover is just not the case." But events since the Plan's enactment suggest that this spin hasn't worked: In addition to the Canadian locals, the 130,000-member California State Employees Association defected from SEIU following the plan's implementation.

And in 2008, SEIU's centralizing efforts sparked a bitter fight over the fate of the Oakland, California-based local union, United Health Care Workers West (UHW), when UHW's leadership opposed a merger imposed on them by SEIU's Washington headquarters. But that's not all. The Los Angeles-based local that SEIU pushed UHW to merge with was racked by scandal…

Continued in the next issue.

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LaborNotes

An obscure government agency called the **National Mediation Board** added a rule to the federal register on November 2 amending a 75-year-old election law affecting unionization elections under the **Railway Labor Act** (which also covers airlines). Prior to this ruling, non-votes were counted as votes against unionization. The NMB decision shocked many labor experts. The **Wall Street Journal** reports that this comes at a time when "Delta Airlines, Inc., the world's largest airline and Continental Airlines Inc. are awaiting unionization votes that would affect 40,000 workers."

Last month we reported that Detroit Mayor **Dave Bing** told city unions that they had to agree to 10 percent salary cuts or face the possibility of mass layoffs. He set a one month deadline that came and went with no layoffs.

The employment numbers released by the **Bureau of Labor Statistics** for October are troubling. The number of unemployed workers rose from 9.8 percent in September to 10.2 percent. **Heritage Foundation** labor analysts **Rea Hederman** and **James Sherk** wrote, "Jobs losses in October --190,000 -- were higher than expected." They explained that unemployment is at "the highest level since 1983." And worse news may be on the way: "The unemployment rate increased even as 31,000 potential workers left the labor force. … When people reenter the labor market to find work, the unemployment rate will further increase."

But what about the jobs the Obama Administration claims it has "created or saved"? Writing in the **Politico** on November 7, **Joseph Lawler** argued that the created or saved "numbers are meaningless." In fact, "The administration purposefully devised the metric to be nebulous. Without a counterfactual, showing the trend of unemployment in the absence of the stimulus, it is impossible to know how many jobs the stimulus saved." He suggests another metric that economists should think about when evaluating the stimulus: jobs prevented or destroyed.

The corruption trial of former New York State Senate Majority Leader **Joseph Bruno** features new allegations. On November 9 former **Laborers Local 91** president **Mark Congi** testified that his union expected "favors" from Albany in return for its investment of workers' pension funds with Bruno's employer, Wright Investment Service. According to the AP, "Union trustees initially placed $10 million with Wright Investment Service in 1999. The company paid Bruno commissions when he helped land new union accounts." In return, it is alleged that Bruno tried to make sure that a new Indian casino used union labor and that he helped the union with the state's Department of Transportation and New York Power Authority project contracts.

Labor Watch does not endorse candidates for political office, but we note that **Barbara Comstock**, who spoke at Capital Research Center's Summit on Labor Issues in March, was elected to the Virginia House of Delegates on November 3.