

The Business Roundtable

**THE IMPACT OF
LOCAL UNION POLITICS**

**A CONSTRUCTION INDUSTRY COST
EFFECTIVENESS PROJECT REPORT**

**Report C-7
June 1982
Reprinted March 1993**

THE BUSINESS ROUNDTABLE
200 PARK AVENUE
NEW YORK, NEW YORK 10166
(212) 682-6370

THE IMPACT OF LOCAL UNION POLITICS

TABLE OF CONTENTS

I. SUMMARY	4
II. OBJECTIVES	5
III. INTRODUCTION.....	5
IV. FINDINGS	6
Structure of Local Unions	6
Electioneering	8
Post Election Activities.....	10
Patronage	10
Bargaining and the Erosion of Management's Rights	12
V. CONCLUSIONS	13
VI. RECOMMENDATIONS.....	15

SUMMARY

Key officials in each building trades local union are elected by the membership. Their election or continuation in office depends on their ability to convince a majority of the members that they will be effectively represented. The resulting political considerations understandably affect many actions by union officials.

This study examined the impact of politically motivated union actions on jobsite costs of the union contractor. It found that electioneering on the jobsite, post-election effects (especially after a hotly contested election), and patronage activities can significantly add to contractor costs. The cost impact varies greatly from one situation to another - depending on such unrelated circumstances as the size of the job, the insecurity of the incumbent union officials, and the managerial competence of the contractor. These direct costs are probably overshadowed financially by concessions demanded and won in collective bargaining and the ongoing erosion of management rights. However, many other forces affect bargaining and the decay of management rights in addition to political pressures on local union officials.

The study team does not recommend any change in the democratic structure of the building trades unions. Political actions by union leaders are an inherent and necessary element of this structure, and they can contribute to a jobsite environment in which productivity improvements can be made. Detrimental cost effects which sometime, occur can be minimized if contractors are sensitive to their potential impact, adopt firm and equitable management practices, and take appropriate preventive steps.

Underlying all the recommendations of this report is the need for better understanding by owners and contractors of both the necessity for politically motivated actions by union leaders and of ways of keeping the jobsite effects within reasonable bounds. We feel that the actions recommended will serve the mutual interests of owners, union contractors and unions.

II

OBJECTIVES

The objectives of this study are:

- To develop more awareness among contractors and owners of the political nature of local building trades unions.
- To assess potential detrimental effects on large construction projects of politically motivated actions by union officials.
- To recommend steps which can be taken to reduce the impact of local union politics on jobsite construction costs.

III

INTRODUCTION

Union organizations have always been political in nature. Before 1959, many construction locals operated in an extremely autocratic manner. Power was often centered in the hands of the local's business manager, who was relatively unconstrained in the use of his power. Widely cited abuses prompted Congress in 1959 to enact the Labor Management Reporting and Disclosure Act, popularly known as the Landrum-Griffin Act. This law is generally aimed at checking the power of unions over individual members and safeguarding union assets from possible corrupt practices. To these ends, the Act provides a bill of rights for individual union members, mandates the filing of financial reports by unions and union officials, regulates the imposition of trusteeships over local unions by their national officers (usually called "*international*"), regulates the conduct of union elections, and establishes limitations on union officials' financial dealings and qualifications for office. One result of the law has been that local building trades unions have become more democratic and their business managers more subject to political pressures from the membership.

We have found no published work about the impact of local union politics on jobsite costs within the construction industry. This study seeks to analyze local union politics in a systematic manner and assess their impact on jobsite construction costs

Intraunion politics have been cited as a contributing cause of many problems encountered on large industrial construction projects. This study focused on the political actions of local union members that are stimulated by a desire to attain or retain elective or appointive office, and the effects of these actions on jobsite productivity. The impact of local union politics on jobsite costs is best seen by examining four major areas:

1. Electioneering on the job and related vote-getting practices of candidates for union office prior to the election.
2. Post-election effects, as newly-elected officials consolidate their positions.
3. The ongoing effects of the local union patronage system.
4. Political influences on collective bargaining, and on the erosion of management rights.

The study first examined the structure of local building trades unions. To gain a better understanding of potential problems, observed manifestations of local union politics on large industrial projects were examined in each of the above four areas. We identified detrimental cost effects but did not attempt to quantify this cost because local situations differ so widely and because in some areas the cost could not be isolated from that caused by other forces.

All information examined in this study came from the experience or personae contacts of the Task Force members. No formal survey nor data collection process was undertaken. Some behavior cited here may be illegal under federal labor law. It should be stressed, however, that incidents noted should not be construed as characteristic of organized construction labor but merely as examples that Task Force members or their business colleagues have observed.

IV

FINDINGS

Structure of Local Unions

Politics exist in local unions because of the nature of the local union organization' They are voluntary organizations led by elected officials dependent upon the votes of their members for continuance in office.

The structure of local unions varies according to the constitution and by-laws of the union. In most unions, the membership elects the president, vice-president, recording secretary, financial secretary/treasurer, sergeant-at-arms, executive board, finance committee, and business manager and/or agents. A few of these positions are sometimes appointive. Other positions within a local that are typically appointive are the examining board, apprenticeship committee, and the negotiating committee. The union's constitution and by-laws specify the appointive powers of union officials. Generally the president, with the advice of the business manager, appoints members to various positions. Typically, the business manager is in day-to-day control of the local union and, as a result, is the focal point of political pressures within the local.

The 1959 Landrum-Griffin Act set certain legal constraints within which the business manager and other union officials must conduct their affairs. Of particular significance is the Act's establishment of a bill of rights, which provides union members with the right to due process and gives a member the right to sue the union for violation of his rights.¹ As a result, business managers and other officials have become less autocratic and, at least on the surface, more democratic. This shift toward a more democratic organization has made union officials more susceptible to political influences. Thus, the business manager, if he wants to stay in office, must give at least the appearance of being responsive to his membership's concerns and especially to those of the more vocal and influential members, who are often a small minority within the union. He must respond to:

1. Member desires to be equitably treated - both with respect to other members within the union and with respect to other crafts or groups outside the union (and at the same time, to expectations of certain members for preferential treatment in return for political support).
2. Member desires to protect the status quo - resistance to giving up beneficial working conditions, rigid jurisdictional claims, and work practices that management may contend are restrictive.

¹ A number of observers have concluded that the Landrum-Griffin provision allowing union members to bring suit for damages against their union officials has been a deterrent to more aggressive action by international union officials in restraining irresponsible and disruptive actions by local unions. A proposal has been made to revise Landrum-Griffin so as to limit the members' right to sue. This has not been supported by some elements of the industry because of a concern that it would gut the protection afforded to the individual members by the current law and could lead to unanticipated abuses.

3. Continuing member expectations of "more", in order to increase their income and their control over their work environment.

The business manager has both short-range and long-range perspectives, which may conflict. In the short-run, he must be responsive to the membership's desires; for long-run survival he must act responsibly and attempt to protect or improve the ability of Contractors with whom his union has agreements to compete for work. If the contractors are not able to compete successfully, negotiated economic benefits will be meaningless as the membership experiences increasing unemployment in the union sector. The ability of the business manager to balance these two conflicting objectives is tested at election time. If he is able to keep a majority of his members employed and satisfied with their economic benefits and working conditions, he is likely to be reelected.

Because the business manager is subjected to the greatest amount of political pressure, the analysis focused on his role and its consequences.

Electioneering

The Landrum-Griffin Act requires that elections for local union offices be held at least every three years and that each member be notified of the election at least 15 days before the date of the election. The law also imposes restrictions on campaigning and on the use of union communication channels and assets during elections. If there are incidents of serious campaign misconduct, the Secretary of Labor is empowered to sue to overturn the election and require that it be rerun. Thus, periodic local union elections are legally required. The constitution and by-laws of both international and local unions also establish requirements for periodic local union elections.

A typical union election involves slates of candidates. One slate of candidates is that of the incumbent office holders. Over a period of time, there may be minor changes as a result of retirement or an individual decision not to seek reelection, but the replacement members of the slate are likely to be selected by the other members and will be their philosophical and political allies. If there is member dissatisfaction with the performance of incumbents, an opposition slate typically will develop to challenge all the incumbents.

Union election campaigns sometimes spawn activities that increase jobsite construction costs:

1. Workers may campaign in support of candidates and hold related discussions during the course of the workday. This is a direct cost to the contractor in that productivity suffers: it is probably the most obvious cost effect at the jobsite.

2. The incumbents may attempt, within the limits of their ability to do so, to move supporters into positions where they can be especially helpful. This can result in journeymen, foremen and general foremen quitting one job to go to another with the approval of the incumbents. This can occur more easily if the craft is fully employed in the area, and if the local does not have formal hiring procedures. The "changing out" -- that is, movement of members prior to elections - may have a serious impact upon job costs because it is the foremen and general foremen who are most likely to be moved, and numbers of their followers typically accompany them. These abrupt shifts raise costs in three ways: 1) expenses incurred in hiring and termination; 2) lost productivity during orientation and assimilation of the replacement worker; and, 3) a potential for lower productivity if the replacement worker is less qualified and/or less motivated than his predecessor. Union officials, of course, are constrained in this kind of activity by both legal requirements and membership expectations of fair representation.
3. Incumbents may cause travelers or permit men (those without a vote) to be replaced by local members who are out of work, or who have been called back into the area to vote in the election. This may occur in a variety of ways: the steward may encourage the traveler to resign because local members are unemployed; a business agent may request the employer to terminate or lay off the traveler; or the traveler's business manager may be requested to call the traveler home. The cost effects are the same as those from "changing out." The National Labor Relations Act makes actions such as these illegal if they involve discrimination against a worker solely because of his lack of membership in the local union, but in practice they rarely result in charges or complaints.
4. Incumbents may encourage members to file grievances so that they may get involved to demonstrate to all members that they are acting on their behalf. Incumbent officials also are more likely to pursue nonmeritorious grievances that in other circumstances would have been dropped. Opponents may come forward with complaints, even those that they know have little merit, in order to cast the incumbents in a bad light. The issues involved may be work rules, employment conditions, jurisdiction, or others of particular sensitivity within the membership. The net result is more management and worker time consumed trying to settle the issues. Settlements also may have an enduring cost effect, if concessions are made by management to win labor peace or to seek favorable future treatment.

Post Election Activities

The post-election period may also include political activities that have a potential impact on jobsite construction costs. Usually the impact of the post-election actions is less if the incumbent slate is reelected, especially if the slate was unopposed. A greater impact may be felt if the election is won by a slim majority, or if the opposition slate wins a hotly-contested election. Several recent instances were reported of elections won by very narrow margins that were followed by several weeks during which the union job-referral system was in disarray and productivity declined sharply on projects underway. In addition, when the incumbent slate is defeated, a number of the disruptions to be discussed later in this report may occur as the new leadership finds opportunities to shift its key supporters into more sought-after or influential jobs.

Patronage

Patronage provides the business manager a flexible political tool to achieve both his objectives and those of the local union. In general, patronage may be defined as the allocation of the discretionary favors of office in exchange for political support. It can be used to develop loyalty and build allegiance among the membership in order to get reelected, or to retain office and to attract resources necessary to administer the local. Patronage exists, in varying degrees, in all local unions - less so in locals employing rigorous and consistent systems and procedures, more so in circumstances where incumbents feel insecure in their jobs. Though it is often more evident just before and after local union elections, it can have a continuing influence on the day-to-day operation of the local union.

When patronage is used effectively and with restraint, it can contribute to stability and orderly administration of the local, which in turn can have a positive influence on jobsite productivity. The following activities, however, can have very negative jobsite effects:

1. Referral of union members to available jobs may be influenced by the business manager's need to build alliances by extending more favorable treatment to certain members. Even though hiring hall procedures are quite structured, the business manager usually has some discretion about deciding who goes to the short job or to the long job with overtime. He also has some flexibility in determining who is qualified and in adjusting the timing of his response to a request for manpower. Within that latitude, large projects typically receive a certain percentage of journeymen who are not productive independent workers. Contractors use these limited workers as helpers (at the journeyman wage rate) or simply overlook their problems in deference to the business manager's need to provide one of his members with employment. The cost to the owner in lost productivity, low

quality work and low morale among the work force is well known in the industry.

Making easier the movement of favored members from one job to a more desirable one that offers longer term employment, more overtime, or shorter travel is one of the most common ways that patronage is used to reward friends. Non-favored members may find themselves among the first to be laid off from a desirable job. Increased costs result from such turnover, which generally means decreased productivity while new workers become familiar with their new duties. The business manager is limited in these actions by the duty of fair representation.

2. Patronage considerations can influence admission to union membership by giving preference to candidates who will be loyal to and support the business manager. In many unions, word-of-mouth recommendations from member sponsors, passed along to the business manager, are a principal source of new members. This frequently results in admission of relatives of existing members, since kinship is a strong and natural bond of loyalty. It is also common to repay favors by getting recommended individuals into the local. When loyalty and patronage override skill qualifications as a basis for union entry, by whatever method, the overall quality of craftsmanship will deteriorate, resulting in added costs.
3. Eligibility for foreman and general foreman positions can be influenced by the business manager's confidence in the support and loyalty of those men toward his policies as well as in their ability to perform. Foremen and general foremen are very important to the success of a business manager because they often have a following of their own whom they can influence, and because they carry out union policies on jobsites. When a business manager favors his political supporters for these supervisory positions, such action often prevents other more capable union members from moving up to supervisory positions. This can result in an increased cost to the contractor.
4. Business managers can enhance their chances of becoming solidly entrenched in office by using patronage to control the policies of the local and to limit dissent through the types of actions we have discussed. It is, of course, natural for business managers to seek ways to improve their political grip on their jobs, since elected office is inherently insecure. Their success at entrenching themselves is attested to by the fact that most business managers retire from the job or are promoted to jobs in the union's so-called international

organization and incumbents seeking reelection are seldom defeated.

Any patronage action potentially compromises the needs of the contractor, but most business managers attempt to achieve a reasonable balance between the patronage necessary to run the local and effectively meeting the needs of the contractor. Capable business managers may find that consistent and equitable administration is a more effective way of gaining reelection than use of favoritism.

Bargaining and the Erosion of Management's Rights

The functioning of the collective bargaining structure in construction and the related erosion of contractor management's rights have resulted in construction labor-cost increases that considerably overshadow the effects discussed so far in this report. However, since a number of other studies have examined this subject, and since local union politics is only one of many interacting influences on bargaining problems, only a brief discussion seems appropriate here.

The union contractor seeks efficiency on the construction jobsite under the limitations of collective bargaining agreements and a wide variety of less formal limitations on his management rights.² Both formal bargaining and the informal erosion of management's rights can be significantly influenced by the political process within local unions. The negotiation of a labor agreement and its wages, benefits, and demarcation of management's rights is a periodic event on which both labor and management spend considerable time and which affects all union contractors employing workers from a particular local. On the other hand, much erosion of management's rights has occurred outside the ambit of formal labor agreements - by informal jobsite agreements, or simply by evolving local practice. A common thread is the union official's effort to respond to his perceptions of the desires of his membership as discussed earlier in this report. It is this political pressure to be responsive to the concerns of the membership or face loss of office, that influences many actions by union officials.

The union negotiator occupies a most difficult position. He must be responsive to his constituents' demands for better economic benefits and improved job protection. He must also be responsive to the contractors need to remain competitive with non-union contractors. Thus, the negotiator must walk the tight rope between the short-term

² See Report C-5 "*Local Labor Practices*", and Report C-4: "*Constraints Imposed by Collective Bargaining Agreements*"; The Business Roundtable.

expectations of the rank and file and contractors' productivity demands, which are usually consistent with the long-term interests of the membership. If the business manager is perceived by the rank and file as neglecting their desires as he attempts to respond to the contractors' concern, he is apt to be voted out of office at the next election. His response to political pressures depends somewhat upon his influence within the union. If this influence is strong, he may be relatively immune to political pressures. If he is in a weak position, he will have to be more responsive to the members' desires.

V

CONCLUSIONS

1. Electioneering, patronage and other responses to political pressures within unions are to some degree necessary for unions to function effectively as democratic organizations. These activities can contribute to labor stability and to an atmosphere on the jobsite in which productivity improvements can occur, but they often add to jobsite costs, especially when contractors tolerate abuses and make concessions to avoid conflict.
2. The cost impact of these activities, while significant in many instances, varies greatly with the local situation, the size of the job, and the managerial competence of the contractor. Furthermore, in many instances the contribution of union politics to excessive labor costs cannot be isolated from a variety of interacting factors. Consequently, the study team has made no attempt to quantify the cost added to the nation's construction bill by union politics alone.
3. Electioneering on the job can increase jobsite costs during the period just before an election. The impact is greater when contractors tolerate jobsite activities that are disruptive.
4. Local union patronage systems, though to some extent necessary and in some ways beneficial, can have a continuing impact upon construction costs; patronage can affect job referrals, entry into the union, rotation of members, and eligibility for foreman and general foreman positions. There is a deep-seated, perhaps ineradicable, potential conflict between patronage and contractors' needs for competent workmen. Whether this significantly affects jobsite

costs depends on the extent to which patronage is employed by union leaders and is accepted by the contractor.

5. Political pressures inside union locals are a basic force contributing to an erosion of management's rights. These pressures stem from the desires of the membership and can be a dominant force motivating the actions of union officials. The erosion occurs both through informal discussions resulting in jobsite agreements or "accepted local practices" and through formal collective bargaining. Contractors who consistently and vigorously enforce their right to manage suffer the least from these influences.
6. Although it is only one of many factors at work, local union politics frequently contribute to escalation of wages or fringe benefits at the bargaining table. Union officials believe they must be responsive to rank and file demands for more, or risk losing office. This is a legitimate concern on their part. As bargaining has been conducted in recent years, it has been extremely difficult to reduce the rank-and-file's pressure on their negotiators for more.³One oft-cited deterrent to more statesmanlike actions by union officials is their exposure under the Landrum-Griffin Act to member lawsuits seeking monetary damages. (See footnote 1 page 4)
7. Development of a construction labor-referral service not run by unions could benefit the industry in several ways. It would provide each contractor with a referral source more sensitive to his particular skill needs, unbiased by internal union influences. It would be a single source for multiple crafts. It would relieve the union business manager of administrative workload and of the conflict of interest between political pressures from the membership and the needs of the contractor. It could provide construction workers with access to employment by a wider variety of contractors. Unions, however, are likely to oppose any such move, because they would be reluctant to give up the control over job referrals, which the hiring hall provides. Many contractors would be unwilling to provide the organizational and financial support that the outside service would require. While creation of such a referral service probably should be viewed as a long-term goal, it does not appear to be a practical alternative in the near term.

³ During the recent recession, there have been a few instances in which unions and contractor associations have negotiated wage freezes or reductions.

VI

RECOMMENDATIONS

We live and work in a country founded upon democratic principles. Congressional actions reflect public endorsement of the concept of democratic unions, where desired by a majority of the employee group. While the structure of the building trades unions may change in ways that will help union contractors compete, we expect unions in some form to be an important and continuing part of the construction industry. It should be stressed that these recommendations were formulated under this assumption, with the aim of minimizing the impact of local union politics on jobsite construction costs:

1. Contractors should consistently enforce the idea of a fair day's work for a fair day's pay. Consistent and equitable enforcement of jobsite rules can prevent worker political discussions on the job to such an extent that the level of performance decreases.
2. Contractors and owners need to be aware of union-election dates and of the possibility of an impact on job performance, particularly before a hotly-contested election. Contractors should be prepared during the pre-election period to withstand challenges to their right to manage. As noted in the findings, these challenges may arise through attempts to win approval for jobsite practices contrary to those specified in the labor agreements; resistance may be effective. To minimize the impact of union-initiated manpower movements during and after an election, contractors should consider the desirability of a hiring moratorium for two to four weeks before and after local union elections. Owners should be aware of the reasons for these actions and cooperate with contractors.
3. Union officials should be aware of the potential impact of union elections on jobsite costs. They should recognize the benefits to the unionized construction industry of a time between labor-agreement negotiations and the election of union officials. Many international union constitutions mandate the month for local union elections; in such cases, changing the timing of local elections would require a change in the constitution, a difficult process. Consideration should be given to shifting the labor-agreement expiration date; however, if this would move it away from an expiration date common to other crafts, the disadvantages might outweigh the benefits.

4. In negotiating labor agreements, contractors would do well to seek referral provisions that allow direct hiring at the option of the contractor.
5. Contractors have the right to regard all union referrals as job applicants. They may maintain a readily-available file of prior employees, so that rehiring of poor performers can be avoided. Work histories should be obtained from new applicants, to allow selective reference checking.
6. New hires may be considered to be on probationary status. Where feasible (e.g., welders), they may be tested for competency before assignment to a work crew. All workers can be carefully observed during the early period of employment, and those not performing satisfactorily discharged.
7. Improved contractor communications with their employees to educate them about the economics of construction would be helpful. This effort should stress the influence of labor costs on the union contractor's ability to obtain work and, consequently, to provide employment opportunities for union members. This communication can take place in apprenticeship-training classes, via joint labor-management committees, and at the jobsite. If these efforts improve the worker's understanding of his self-interest in maintaining high productivity on the job, disruptive activities and political pressures on union officials will be reduced.

CICE REPORTS

The Findings and Recommendations of The Business Roundtable's Construction Industry Cost Effectiveness project are included in the Reports listed below. Copies may be obtained at no cost by writing to The Business Roundtable.

Project Management -- Study Area A

- A-1 Measuring Productivity in Construction
- A-2 Construction Labor Motivation
- A-3 Improving Construction Safety Performance
- A-4 First and Second Level Supervisory Training
- A-5 Management Education and Academic Relations
- A-6 Modern Management Systems
- A-7 Contractual Arrangements

Construction Technology -- Study Area B

- B-1 Integrating Construction Resources and Technology into Engineering
- B-2 Technological Progress in the Construction Industry
- B-3 Construction Technology Needs and Priorities

Labor Effectiveness -- Study Area C

- C-1 Exclusive Jurisdiction in Construction
- C-2 Scheduled Overtime Effect on Construction Projects
- C-3 Contractor Supervision in Unionized Construction
- C-4 Constraints Imposed by Collective Bargaining Agreements
- C-5 Local Labor Practices
- C-6 Absenteeism and Turnover
- C-7 The Impact of Local Union Politics

Labor Supply and Training -- Study Area D

- D-1 Subjourneymen in Union Construction
- D-2 Government Limitations on Training Innovations
- D-3 Construction Training Through Vocational Education
- D-4 Training Problems in Open Shop Construction
- D-5 Labor Supply Information

Regulations and Codes -- Study Area E

- E-1 Administration and Enforcement of Building Codes and Regulations

Summaries - More Construction For The Money

- CICE: The Next Five Years and Beyond

Supplements - The Workers' Compensation Crisis...Safety

- Excellence Will Make A Difference (A-3)