

A Balance Sheet: The UPS Contract in Context

By Barry Eidlin

AT NOON ON July 25, the International Brotherhood of Teamsters (IBT) issued a press release announcing that the union had reached a tentative agreement with package giant United Parcel Service (UPS). The contract, covering 340,000 workers in every ZIP code in the United States, is the largest private sector union contract in North America, involving a company that handles 25 million parcels a day — equivalent to one quarter of all U.S. parcel volume and 6% of GDP.

One thing is clear: thanks to members' organizing, this is far and away the best contract ever negotiated at the company. The problems UPS workers will have to solve now are good problems to have.

Since kicking off the contract campaign in August 2022, Teamsters General President Sean O'Brien — who won election to the union's top leadership position in 2021 as part of a union reform coalition that promised more of a fighting stance against UPS — stated that if a deal was not ratified by July 31, 2023, Teamsters would strike on August 1.

UPS Teamsters organized "practice picket lines" at UPS facilities across the country, reaching small towns like Presque Isle, Maine and Minot, North Dakota. It sent a message to UPS management that Teamsters were "Ready To Strike If We Have To," as T-shirts and hoodies popular at the practice pickets read.

The strike threat convinced UPS management that it did have more to give after all. On July 19, UPS and the IBT jointly announced that talks would resume on July 25. The press release announcing the tentative agreement came out just hours after talks resumed.

After a "two-person" committee meeting made up of representatives of all 176 IBT locals with UPS members nearly unanimously endorsed the agreement on July 31, members started voting on whether to ratify the agreement using an online voting system on

These two articles — by Barry Eidlin and Kim Moody — evaluate the decision of the IBT General President O'Brien to accept the UPS offer. They summarize the importance of the campaign for a good contract and the willingness to strike if necessary. Both see the year-long campaign key to winning a number of the union's demands. Could they have gone out on strike and ended two-tier wages? Or at least narrowed the gap?

Assuming the agreement will pass, part-timers — who represent the majority of the UPS work force — got a raise, but continue to be stuck in a lower tier, as they have been for more than 40 years.

Having formed an alliance with the top leadership, how far can a rank-and-file caucus push its program for transparency and equality in one contract cycle? What was the balance of forces that could have resulted in a breakthrough had UPS workers gone on strike at this moment? What impact could it have had on other struggles? — The Editors

August 3. Balloting closes on August 22.

The IBT touted the tentative agreement as "historic," with O'Brien saying that "this contract sets a new standard in the labor movement and raises the bar for all workers." These are not empty claims. The tentative agreement contains significant improvements for UPS workers, thanks in large part to the pressure that Teamsters created over a yearlong contract campaign.

The proposed agreement eliminates the two-tier driver classification that had sparked widespread member anger in the 2018 contract. It provides sizable wage increases, especially for the lowest-paid part-timers, which will do more to raise the wage floor at UPS than any previous contract. It also requires UPS to create more full-time jobs, provide protections against excessive heat, restrict management surveillance, and limit forced overtime, among other gains.

UPS Teamsters recognize these important wins. Still, some are left feeling that they could have won more. Ironically, this reticence stems from what won the union such a strong contract: heightened expectations due to member organizing as part of the year-long contract campaign.

Was this the best UPS contract the Teamsters could have won? And will this contract lead

to new energy on the part of rank-and-file UPS workers and workers throughout the logistics industry? To answer those questions, we first have to examine what was achieved in the tentative agreement.

What's in the Contract?

The signature Teamster demand going into negotiations was abolishing the hated second-tier driver classification, known as "22.4 drivers" after the article in the 2018 contract that created the tier. These 22.4 drivers did the same work as "Regular Package Car Drivers" (RPCDs), but were paid on average \$6 an hour less and had no right to limit overtime work.

Not only do tiers create lower-paid categories of workers, but they have a corrosive effect on union solidarity, creating divisions between different tiers of workers.

The tentative agreement immediately abolishes the 22.4 classification. All 22.4 drivers will be reclassified as RPCDs following ratification and placed in the same wage progression as RPCDs.

For these roughly 25,000 UPS Teamsters, that will mean a \$6 hourly pay bump once they complete their four-year progression, on top of the general wage increases (GWI) negotiated in the new agreement. For a 22.4 driver at the current top rate of \$35.94 per hour, that amounts to an immediate wage increase of more than 23%, with a 36% increase over the life of the agreement.

Beyond the 22.4 issue, the union also won substantial wage increases for all job classifications. The wage-increase schedule is confusing, but the IBT put out a helpful chart that includes several different scenarios for different types of UPS workers. It shows that an RPCD who has reached the top rate (i.e. gone through the four-year wage progression) sees a wage bump from \$41.50 to \$49 per hour, an 18% wage increase over five years.

But in keeping with closing the gap between full-time and part-time Teamsters, the highest wage increases are reserved for those at the bottom of the wage scale. The tentative agreement creates a wage floor of \$21 per hour, \$5.50 above the current wage floor of \$15.50.

Taking the scenario for a part-time worker who has been at UPS for one year, their pay goes from \$16.65 per hour to \$25.75 per

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hour—a 55% wage increase. The percentage increase drops as seniority increases: 47% for those between five and ten years, 41% for those between 10 and 15 years, and 33% for those with more than 15 years seniority, who would top out at \$35.89 per hour at the contract's end.

No UPS contract has ever included raises this large for part-time UPS Teamsters, going back to when the part-time tier was created in 1982. That contract cut part-timers' wages from \$12 to \$8 an hour, breaking the wage parity that had previously existed between part-timers and full-timers.

That rate remained frozen until the 1997 contract, where, after a momentous 15-day strike, part-time UPS Teamsters got a wage increase of 50 cents over five years, from \$8 to \$8.50. The 1997 rate stayed in place until the 2013 contract, which raised it to \$10 for most starting part-timers. The 2018 contract then raised the starting rate to \$15.50.

That is, in the 41 years between 1982 and 2023, UPS part-time wages increased by a nominal total of \$7.50 per hour. The current proposed contract raises starting part-time wages by \$7.50 per hour in five years, with those with five or more years getting raises of \$8 to \$9.

However, there are two important caveats to the wage package. First, the tentative agreement creates a new tier of part-timers who will be hired after the agreement is ratified. They will start at the new \$21 per hour wage floor, but will only top out at \$23 after five years, as opposed to \$25.75 for those who started prior to ratification.

Second, many UPS part-timers work under "market-rate adjustments" (MRAs) that have already raised their wages well above \$15.50 per hour.

The tentative agreement *does* create a new tier. Those hired after the agreement is ratified will not catch up to those hired before by the end of the agreement. Someone hired immediately before the agreement is ratified will be making \$2.75 per hour more than someone hired immediately afterward (\$25.75 as opposed to \$23.00).

But it's a peculiar tier. It will start at a wage rate 34% higher than that of part-timers starting prior to the agreement. So even though they would not catch up with existing part-timers over the course of the contract term, they would still be pulling up the bottom of the UPS wage distribution.

It would be preferable if that new tier was not in the agreement, but even with the tier, this tentative agreement does far more to raise up the bottom than any previous UPS contract. The key thing to watch is what happens to the bottom of the UPS wage distribution over the next few contracts.

Regarding the second point, it is true that MRAs mean that many UPS part-timers are already making above \$15.50 per hour. But



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Can the enthusiasm in building for the 2023 contract be channeled into enforcing its provisions?

there are two things to keep in mind.

First, roughly 60,000 UPS part-timers are currently making less than the new proposed \$21 per hour wage floor. Those part-timers will get a significant pay bump above the GWI. Second, even where MRAs are in effect that raise the part-time wage floor above \$21 per hour, the \$7.50 GWI over five years would be on top of whatever MRA wage rate those part-timers currently get.

Louisville Local 89 (home local of General Secretary-Treasurer Fred Zuckerman) pointedly voted against recommending the agreement at the "two-person" meeting held after the tentative agreement was announced. Members did so specifically because they wanted assurances that the GWI raises would be on top of the MRA wage rates. Once they got those assurances, they switched to endorsing the deal.

Beyond wages, there are many other improvements in the tentative agreement. The IBT again has a helpful list detailing more than sixty improvements in the tentative agreement. Highlights include:

- Requiring UPS to combine 15,000 current part-time jobs into 7,500 full-time jobs
- Implementing new safety and health protections against excessive heat
- Having Martin Luther King Jr Day as a paid holiday
- Limiting forced overtime for drivers
- Limiting driver surveillance and use of technology for discipline
- Improving transfer rights for part-time workers

In sum, the tentative agreement announced at UPS would be far and away the best contract ever negotiated at UPS — even compared to the 1997 contract won after a historic strike.

While keeping that first fact in mind, also keep a second fact in mind: while many UPS Teamsters recognize the real gains in the proposed contract, they are left with a feeling that it leaves unfinished business. Most will likely vote to ratify the agreement, especially in the more militant locals that have been out

front throughout the contract campaign, but with less enthusiasm than one might expect given the significant gains.

Why would a contract that on its face is such a massive improvement generate a mixed response? Here we must take a key factor into account: workers' rising expectations.

Why No Strike?

Partly these rising expectations are part of a general trend throughout workplaces in the United States and Canada, which has been behind the "hot labor summer" we are currently experiencing. But a large part of it at UPS is the result of workers' expectations getting ratcheted up over the course of a one-year contract campaign — one where Teamsters for a Democratic Union (TDU) activists played a critical role working alongside IBT leadership both as strategists and "ground troops" in the workplaces.

To his credit, O'Brien didn't just decline to tamp down expectations; he ratcheted them up even further. Indeed, in a move unusual for contract negotiations, he publicized tentative agreements reached on individual contract items as they were reached, rather than saving them up for a big reveal at the very end to make the gains look more impressive. This raised member expectations, while also putting pressure on the company and the union negotiating committee itself.

O'Brien also left plenty of room in the campaign for independent rank-and-file organizing. I have spoken to many UPS Teamsters over the past year who organized their own contract actions at their workplaces, sometimes against the wishes of their local officials. In some cases, their organizing prodded local union leaders into action, forcing them to go along with the contract campaign. TDU coordinated some of this, but some was organic.

But after all the preparation for a strike, O'Brien opted for a negotiated agreement without a strike. That disappointed many among the activist layer of UPS Teamsters.

It also disappointed others within the

labor movement and the broader left, who were gearing up to support what would have been one of the largest strikes in U.S. history with the hopes that such a strike would not only lead to a stronger contract for UPS Teamsters, but potentially serve as a catalyst for new union organizing and worker militancy throughout the country.

Given how much O'Brien did to ratchet up expectations and prepare rank-and-file Teamsters for a strike, why didn't he follow through and call a strike?

There are two reasons. First, even though O'Brien has proven his willingness to strike in the past, he remains attuned to the many risks of going on strike. For O'Brien, a strong settlement reached without a strike was his preferred outcome.

The rank-and-file Teamsters I have spoken to over the past year understood this, and none were expecting a strike, even after negotiations broke down on July 5. They understood that O'Brien was far more interested in displaying a credible strike threat for leverage than in actually leading a strike.

The second point is that, given what was in the tentative agreement, it is not clear what the big issue would have been that O'Brien could have used to motivate a strike.

The main issue going into negotiations was the 22.4 drivers, and that was resolved. Beyond that, among the issues that Teamsters mobilized around in the run-up to the contract negotiations, the tentative agreement has gains on almost every one of them.

To be sure, many of those gains don't go nearly far enough. For example, UPS pledged to equip all new package cars with air-conditioning going forward but will only be installing fans on older package cars. That means it will take several years for the air-conditioning contract provision to become reality for many UPS drivers.

This is a shortcoming, but it is difficult to see that being the galvanizing issue that mobilizes 340,000 Teamsters to go out on strike — especially given that even those who led the campaign for heat protections didn't expect to win much of anything on the issue going into negotiations.

Some argue that the wage floor for part-timers should have been raised to \$25, not \$21 (or \$23 by the end of the agreement). Many Teamsters would likely agree with that in principle.

Indeed, TDU advocated for it, and it was reportedly among the opening union proposals when negotiations kicked off in April. (Bargaining committee members were required to sign nondisclosure agreements before bargaining got underway, making it difficult to confirm which proposals made it to the bargaining table.)

But as is invariably the case in contract negotiations, the opening proposals differ from what ends up in the tentative

agreement. In this case, part-time wages in the tentative agreement will raise existing part-timers' wages to \$25.75 by the end of the five-year contract, while Teamsters who start after the contract is ratified will reach \$23. It may not be what UPS part-timers deserve, but it is a major accomplishment given where part-time wages currently stand and have stood for decades.

The Strike That Might Have Been

Could a strike have won more? It's an open question, one to which some Teamsters think the answer is "yes." But beyond the black and white of what's in the contract language, many UPS Teamsters understand the symbolic power a strike could have.

When I asked a group of UPS Teamsters in the midst of the contract campaign whether they thought it would make a difference if they got a contract settlement with or without striking, one commented: "Pictures look a lot better than just saying, 'hey, we got a nice document with good letters on it.' ... [B]ecause theoretically, we get a good deal, not everyone would know about it. But we go on strike, it's gonna be on the news 24/7." Another added, "I think [a strike will] create motivation for the other unions."

For now, we have no way of knowing what broader effects a strike would have had. Instead, we have a negotiated tentative agreement at UPS that has real, significant gains, but that has left some rank-and-file Teamster activists feeling that they could have won more.

While a frustrating outcome for some, this mitigated sentiment gives cause for optimism. That's because it signals rising worker expectations, a key factor that must be present if we expect to see any meaningful revival of working-class power in the United States.

As one UPS part-timer told me after voting yes on the agreement, "I was ready to strike, but on almost every noneconomic issue for part-timers, we made gains. Maybe we could have gotten a bit more on the economics, but I'm not sure it was worth striking over. I think it's important for us to recognize a win, because we don't get them very often."

Also giving cause for optimism is the fact that we are already seeing broader effects of the UPS tentative agreement beyond the Teamsters. It is galvanizing union supporters at Amazon, as they see the concrete difference that having a union can make in their work lives. News of the contract settlement has also led to a sharp uptick in people wanting to work at UPS — including, anecdotally, some of my tenured university professor colleagues, who now realize that they could make more delivering packages for UPS.

Regardless of the ratification vote outcome, what matters most is what comes after. Will UPS Teamsters view the contract gains as a result of their own organizing? Will

the energy and heightened expectations built up over the course of the year-long contract campaign translate into more militant day-to-day organizing, more stringent contract enforcement, more member involvement?

Then, beyond UPS, what will happen in locals where members got active around the contract in opposition to their local leaders? Will members challenge those officials and help build a new layer of reform-oriented local unions, which is critical to deepening the Teamster reform process?

As for TDU, it has gained a tremendous amount of credibility among a much broader array of Teamster activists through its work on the contract. Thousands tuned into TDU-organized webinars, and more participated in TDU-organized activities like parking lot meetings, rallies, and workshops. TDU can rightly take credit for playing a vital role in the union's contract campaign.

That said, even though its staff and budget are bigger than they have ever been, TDU remains a small operation relative to the size of the union in which it operates. It is a movement of thousands in a union of 1.3 million.

It remains a junior partner in a broad leadership coalition, albeit a partner that punches well above its weight. It has helped shift the center of gravity in the union away from a compliant, concessionary approach toward a more militant approach that has put the union back on offense.

The central challenge for TDU going forward is how to expand its reach and broaden its base of leader-organizers. Recognizing the challenges facing TDU and Teamster reform more generally after the UPS contract, overall, these are very good problems to have. They are certainly not problems anybody close to TDU thought they would be facing five years ago, when the last UPS contract was negotiated under previous General President James P. Hoffa.

So even if the 2023 UPS contract may not end up being etched in US labor's collective memory in the way the 1997 UPS strike was, the campaign around the contract has reshaped the organizing terrain for labor in a more positive direction.

In the meantime, the Teamsters leadership shouldn't be afraid of members whose expectations were raised so high that they are not completely satisfied. Those workers shouldn't be satisfied — however good this contract is, UPS Teamsters still aren't getting what they deserve.

That's not Sean O'Brien's fault, it's the fault of UPS and the broader economic system it operates within. In order to keep fighting Big Brown, Teamsters will need to maintain, expand, and deepen that sense of dissatisfaction and use it to organize more widely and deeply among more of their UPS coworkers. ■