Feisty Kids on the Conservative Block: How Business Mobilized against Organized Labor in the Seventies

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FEISTY KIDS ON THE CONSERVATIVE BLOCK: HOW BUSINESS MOBILIZED AGAINST ORGANIZED LABOR IN THE SEVENTIES

by

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THE CITY UNIVERSITY OF NEW YORK
ABSTRACT

FEISTY KIDS ON THE CONSERVATIVE BLOCK: HOW BUSINESS MOBILIZED AGAINST ORGANIZED LABOR IN THE SEVENTIES

by

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The 1980s is the intersection of the steepening decline of union membership and the widespread permanent replacement of striking workers, with PATCO being the most infamous example. Permanent replacement was among many problems organized labor faced at the turn the decade. Workers also faced a hostile political and business environment, a stagnant economy, and labor saving technological advances. All of these factors caused a shift in bargaining power toward management relative to labor. If the 1980s was a decade of labor turmoil, the 1970s was the precursor.

Throughout this decade, business mobilized heavily to work counter to the interests of organized labor. By examining business involvement in academic institutions, a dramatic increase in lobbying, and a surge of campaign contributions, we will see how corporations were able to undermine the agenda of labor.

By examining the particularities of unions, the managerial atmosphere surrounding the events, and the legal and political actions pertaining to the unions, we can explain the shift in power to management relative to labor. By understanding the environment surrounding these strikes, we can better understand the surge in union decertification and organized labor's diminished bargaining power in the 1980s.
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On October 5 1935, a group of radio operators went on strike in San Francisco to increase wages and gain recognition of their union, the American Radio Telegraphic Association. Their strike against the Mackay Radio and Telegraph Company was limited in scale—sixty operators struck in San Francisco; workers in New Orleans, Chicago, and West Palm Beach did not participate. To keep the San Francisco office functional, the company imported replacement workers from different divisions. The strike was an almost instantaneous failure. Afterwards, five of the transferees remained in San Francisco, reducing the number of available positions for the returning strikers. Three days after the strike began, Mackay told union representatives that all but five employees could return to work. The National Labor Relations Board (NLRB) instructed the employer to reinstate the positions of the five striking workers. Mackay refused, and the resulting Supreme Court decision would become one of the most important in the history of labor relations. NLRB versus Mackay Radio & Telegraph Co. guaranteed employers the right to permanently replace striking workers, and although the decision was not widely cited for decades, it would be a tool used by employers beginning in the 1980s to break strikes.¹

Membership in labor unions has been in decline for over fifty years. A report from the Bureau of Labor Statistics shows that in 2012, 11.3 percent of wage and salary workers were members of a union, down from 11.8 percent in 2011. Public sector workers had a union membership rate of 35.9 percent; private workers had a rate of 6.6 percent. Throughout the second half of the twentieth century, as the rate of private union

membership decreased, the rate of public union membership increased. Private union membership began to decline in the late 1950s; it accelerated in the late 1970s and into the 1980s. The eighties are also notable for a rapid decrease in strikes. At the beginning of the seventies, about 2.5 million workers across the nation engaged in large scale strikes involving over one thousand workers. By the 1980s, the number of striking workers plummeted to between one and three hundred thousand workers.²

Coinciding with this rapid decline in union membership and strike activity is the increased organization and aggressiveness of the business community against organized labor. Throughout the seventies, these businesses formed large trade organizations, engaged in aggressive lobbying, and became involved with educational and academic institutions. These corporate interests were very successful in promoting their agendas, often at the expensive of organized labor.

Two strikes in the early eighties give us a particularly telling view of these struggles workers faced throughout the decade. The first, and most widely known, involves the mass firing of members of the Professional Air Traffic Controllers Association (PATCO) by President Reagan. The PATCO strike has become a symbol on both sides of the political spectrum for the harsh response to actions by organized labor. Almost thirty years after the Professional Air Traffic Controllers Organization declared the strike, filmmaker and activist Michael Moore referred to the mass firing of controllers as "the day the middle class died." On the other side of the ideological spectrum,

Governor Scott Walker of Wisconsin, who proposed a bill to eliminate collective bargaining rights for public sector unions, cited Reagan as an influence and the PATCO strike as an important moment for labor relations. The striking and subsequent firing of PATCO members is often referred to as a pivotal moment in American labor history. Due to the grave implications for unions, government workers, and employers, the PATCO strike is an extremely polarizing event.

The 1981 mass firing of the controllers is considered a landmark moment for organized labor, and set many precedents for the response to striking workers. Two years later, the mining corporation Phelps Dodge would use aggressive tactics to end a strike by copper miners in Arizona. Although the PATCO strike was more dramatic and involved more workers, the Arizona strike was more typical of the severe response to labor in the eighties. While PATCO involved a public sector union in a safety-oriented industry where workers were legally barred from striking, the Arizona miners were private sector workers bargaining over wages whose right to strike was legally protected. After the strike and subsequent firing of controllers, many firms in the private sector used replacement workers to end strikes.

This trend continued throughout the eighties, as many high profile strikes against firms such as Greyhound, Continental Air, International Paper, and Hormel Meatpackers, employers used permanent replacement to great success. Each of these strikes contains
their own particularities, but from the 1980s onward, one thing was clear: organized labor was weakening.³

The eighties is the intersection of the steepening decline of union membership and the widespread permanent replacement of striking workers. Permanent replacement was among many problems organized labor faced at the turn the decade. Workers also faced a hostile political and business environment, a stagnant economy, and labor saving technological advances. All of these factors caused a shift in bargaining power toward management relative to labor. If the 1980s was a decade of labor turmoil, the extreme manifestation of this is seen in permanent replacement. Using these two strikes, I will explore common themes to better explain the sharp change in employer policy towards organized labor. By examining the particularities of each union, the managerial atmosphere surrounding the events, and the legal and political actions pertaining to the unions, we can explain the shift in power to management relative to labor. By understanding the environment surrounding these strikes, we can better understand the surge in union decertification and organized labor's diminished bargaining power. Before looking at the political and business environments, it is important to understand the history of these unions.

PATCO is unique as a trade union for several reasons. Controllers were employed by the Federal Airline Administration (FAA), which had collective bargaining implications for the organization. PATCO members were also particularly militant,

staging multiple actions involving many employees before the notorious 1981 strike. These actions lead to tense relations between controllers and FAA managers, which hardened the attitudes of both sides during negotiations. Furthermore, the union was in an industry that could potentially cripple air traffic, costing airlines millions of dollars and grounding a large number of flights. This strength galvanized the union’s resolve, and contributed to the controller’s willingness to strike.

As employees under the umbrella of the Department of Transportation, many of the personnel guidelines that applied to the controllers were inflexible. As federal employees, their salaries were set by congress pursuant to the civil service system. Thus, the FAA was unable to effect changes in wage structures, benefit packages, personnel policies, or duration of the workweek. These restrictions had implications for the labor relations between the two organizations; PATCO was legally unable to bargain for wages demands commonly sought by private sector unions. Furthermore, as federal employees, they were unable to strike under provisions set forth by both the Taft-Hartley Act and the Civil Service Reform Act. These restrictions partly explain the militancy of PATCO employees; having little outlet for bargaining over salary, controllers resorted to job actions.⁴

Prior to the infamous 1981 strike, PATCO was involved with multiple major disruptions of air transportation services. In 1968, citing safety concerns, PATCO organized a three week long slowdown to pressure the FAA to hire additional controllers.

In 1970, a disastrous nineteen day nationwide sick out prompted by the transfer of controllers resulted in massive delays and cancellations of flights. The Air Transport Association (ATA) sought recourse in court, resulting in the removal of union leaders and an injunction stipulating that the union would be required to pay a daily 25,000 dollar payment to the ATA for any future strike action. In 1976, when the FAA refused to reclassify controllers to higher salary grades, a five day slowdown was initiated at the nation’s busiest airports. The action was successful; the Civil Service Commission increased the wages of most controllers.

In 1978, PATCO orchestrated a four-day slowdown over the abolition of “familiarization flights” by United Airlines. These flights allowed controllers to ride in the cockpit of an airplane, ostensibly to become familiar with the flight process, but understood by management as a way for controllers to access free flights. The ATA responded by requesting a contempt citation pursuant to the injunction, and PATCO was fined 100,000 dollars for their actions. In 1980 controllers at Chicago’s O’Hare International Airport enacted a slowdown in response to the FAA’s refusal to grant bonuses to the Chicago controllers due to heightened stress. From its inception and through its brief lifespan, PATCO was a militant organization.5

These actions were so successful because of widespread support from the controller rank and file. In one day of the 1970 sickout, only fifteen out of the one hundred and forty three scheduled controllers arrived for their shift at the New York Center. At San Francisco Airport, every controller participated in the action. Although

5 Ibid. pp.169
full records of the 1981 strike vote did not survive, strike turnout in militant facilities such as New York and Chicago reached at least ninety percent.\textsuperscript{6}

The actions of PATCO were particularly effective in winning demands because of the controller's position to severely disrupt air traffic. For instance, the 1980 slowdown in one airport lasted one day and caused 616 delays and cost the airlines over one million dollars in fuel. The effects of the 1981 strike were even more far reaching; one estimate concluded that the strike cost the airline industry thirty five million dollars a day. It is because controller job action had enormous ramifications that they won a wage reclassification in 1976. Controllers were even successful in 1981 before the firing; the contract they negotiated provided wage increases for controllers that exceeded any other federal department.\textsuperscript{7}

The militancy of controllers and the failure of an appropriate bargaining apparatus led to extremely strained relations between PATCO and the FAA. In the aftermath of the 1968 job actions, a committee was appointed to investigate problems between the two organizations. The Corson Committee issued a report in January 1970 that was critical of FAA management, stating that management could not command support of its workforce, and that several of the members of the committee had never "previously observed a situation in which there is as much mutual resentment and antagonism between management and its employees".\textsuperscript{8} While both labor and management bore some

\textsuperscript{6} McCartin, pp.286  
\textsuperscript{7} Northrup, pp. 124  
responsibility for the 1981 strike, the conservative political environment partly explains the severe response by President Reagan.

There are many similarities between PATCO and the union coalition led by the United Steel Workers representing the Arizona miners. Like PATCO, the miners exhibited militant behavior and the rank and file had strong ties to their union. Whereas PATCO had enacted many job actions in their short lifespan, the Arizona miners had struggled against their employers for generations. The miners had a history of radicalism dating back to the beginning of the century; in 1915 Phelps Dodge refused to negotiate with workers represented by the Western Federation of Miners, citing them as outside agitators.  

Conflicts between the miners and Phelps Dodge occurred throughout the twentieth century. During the First World War, mine workers organized by the Union of Mine, Mill and Smelter Workers and the IWW, struck for a larger portion of wartime profits. The company President, Walter Douglas, wrote a letter to the Secretary of the Interior, Franklin Lane, blaming the company’s labor difficulties on union propaganda. A mediation commission appointed by Woodrow Wilson placed responsibility on the copper industry’s anti-union policies. Ready with his own counterattack, Douglas arranged for union members to be abducted and forcibly removed from town in cattle

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cars. The bitter relations between Phelps Dodge and miners would persist for generations.\textsuperscript{10}

In 1967, almost twenty years before the 1983 strike, the Morenci Miners local 616 and other Mine-Mill holdouts merged with the United Steelworkers of America. The staunchly anticommunist Steelworkers approached the merger with hesitation; the year before, Mine, Mill, and Smelter Union leaders were investigated for lying while giving anticommunist oaths.\textsuperscript{11}

The 1983 miner's strike occurred under different circumstances than the controller strike and is more typical of the strikes that occurred during the 1980s. As private employees, miners were allowed to strike over wage bargaining. Phelps Dodge, unlike other major copper producers, refused to sign a contract with the Mine, Mill, and Smelter workers union. The contract would have frozen wage scales and removed a long standing cost of living increase from miners. The union wished to retain the living increase, and set the precedent for an industry wide bargaining. When Phelps Dodge refused, the miners struck.

Phelps Dodge was particularly stubborn when dealing with the mining unions. The Arizona mining industry was dominated by Phelps Dodge and four other large corporations, and contract negotiations between each individual company and the miners were fairly consistent. In 1983, the four other mining companies agreed to a cost of living

\textsuperscript{11} Rosenblum, pp. 38
increase. Phelps Dodge was the sole objector, and as a result of the subsequent breakdown in negotiations, the strike occurred.\textsuperscript{12}

PATCO, despite having wages set by congress, also struck over pay increases, even though they had negotiated a strong wage reclassification. Militant union members are partly to blame for both strikes, but the severe response by government and corporation needs to be examined in the context of the preceding decade.

Outside of organized labor, the 1980s marked a dramatic shift in conservative governance in the United States. The Presidential election of 1980 saw Candidate Ronald Reagan get fifty one percent of the popular vote to Democratic President Jimmy Carter's forty one percent. In the Electoral College, Reagan won four hundred and eighty nine electoral votes to Carter's forty nine, giving him the third electoral margin in history to that point, surpassed only by Richard Nixon in 1972 and Franklin Roosevelt in 1936. Political success reverberated throughout the Republican Party; Republicans in the House gained a net thirty five seats from Democrats, and a net gain of twelve seats in the Senate. This marked the first time since 1954 that that the Republican Party controlled one of the Houses of Congress.\textsuperscript{13}

In part, these changes signaled a shift in bargaining power toward management relative to unions. The elections of 1980 signaled a new wave of conservative political

\textsuperscript{12}ibid, pp.45
power. Volatile global economic conditions reduced the power of employees throughout the United States. The decade also continued a long-term trend in the reduction of the percentage of the labor force represented by a trade union.

The political atmosphere made the response to the PATCO strike much more severe than past administrations. Contrary to the harsh response to the 1981 strike, there were no indications that a conflict between the Reagan administration and PATCO was imminent. On the contrary, PATCO was one of the few (along with the Teamsters) unions to endorse Reagan, and the goal of his administration seemed to favor a realignment of organized labor under the Republican Party. Robert Searby, who was later appointed as the US representative to the International Labor Organization, authored a memorandum to Reagan entitled "Organized workers and the potential for a Republican-Conservative governing majority." Reagan was popular with working class Americans; post-election data showed that he had received almost as many votes from union households as Carter. Reagan began his presidency actively court ing organized labor, and PATCO was in a particularly good bargaining position, being one of four unions to endorse him.\textsuperscript{14}

These hopes disappeared after the response to the 1981 strike. Framing the situation as a law and order issue rather than a dispute between a federal agency and its employees, Reagan issued his ultimatum to controllers with wide public support. Forty-eight hours later, he oversaw the mass firing of over 11,000 controllers, and banned them

\textsuperscript{14} Cowie, pp. 123
from future employment by the federal government as PATCO and the AFL-CIO watched, helpless.\textsuperscript{15}

Reagan's response to the 1981 strike stands in sharp contrast to the only other Republican presidency that PATCO had ever dealt with. While both Reagan and Nixon sought to court white-collar voters, Nixon's response to striking federal workers was significantly less severe. In 1970, Nixon made preparations to negotiate with striking postal workers. The nation watched in March as postal workers conducted a wildcat strike, walking off the job in Connecticut, New Jersey, and New York over wage increases and federal collective bargaining procedures. Work stops followed in major cities throughout the nation.

The statement of the Nixon administration was "What is at issue then is the survival of government based upon law."\textsuperscript{16} Although this rhetoric was strong, the administration was very careful not to call the conflict a strike, preferring the term "work stoppage"\textsuperscript{17} to pacify the situation. Like controllers, postal workers were bound by the same federal guidelines prohibiting the striking of workers. The strike was largely a success. Although there were no concessions by the government, union leadership, fearing more militant behavior by the rank and file, promised that it would be a stronger advocate for the demands of workers.

\textsuperscript{15} McCariin, pp.
\textsuperscript{16} Cowie, pp.140
\textsuperscript{17} Ibid, pp. 140
President Nixon's conciliatory action with the striking postal workers stands in dramatic contrast to the response to the PATCO strike only eleven years later. Both strikes were illegal, involving federal workers who were barred from striking. Both strikes involved two presidents actively trying to appeal to organized labor. The comparison shows much about the changes, and disempowerment of workers that crystallized in the 1980s.

With a staunchly conservative Republican president and Transportation Secretary, one might have expected a strong response to the striking controllers in 1981. Phelps Dodge also experienced management changes that would ultimately bring the organization in opposition to organized labor. Richard Moolick, who became President of Phelps Dodge in 1982, and oversaw the response to the miners' strike, was quoted by other executives as being obsessed with labor issues. In interviews conducted years later, Moolick said “We created a new approach to labor. Suddenly people realized, hell, you can beat a union. Time was, big unions were considered invincible. We demonstrated that no one was invincible.”

The political atmosphere in Arizona was more complicated. The state governor, Bruce Babbitt, was a mixed figure. A Democrat, Babbitt initially hoped that the bargaining could be mediated. In his fifth year as Governor when the strike broke out, he was elected by a comfortable margin with the support of the AFL-CIO and the various copper unions. As tensions between strikers and replacement workers mounted, Babbitt called in the Arizona State Police and the National Guard. Reminiscent of the bloody

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88 Rosenblum, pp. 48
miner struggles of the early twentieth centuries, strikers and replacement workers clashed as helicopters and tanks patrolled the area as part of "Operation Copper Nugget." Unable to prevent the replacement workers from entering mines, the strike began to lose momentum. When the strike ended, the replacement workers voted not to join the union, and the various locals were decertified.

Both Reagan and Phelps Dodge management gained reputations for being staunchly anti-labor. For Moolick, breaking the unions would allow for greater control over workers, lower personnel costs, and the likelihood of greater profits. This ultimately proved true; Phelps Dodge experienced a massive increase in profits throughout the eighties. Much of these profits could be attributed to a nonunion workforce. Reagan was not attempting to increase profits. But considering past problems with controller militancy, and with Reagan leading the FAA, it is little wonder that the union was dealt with so harshly.

To fully understand the rapid transformation to such a hostile environment towards organized labor, we must look at the antecedents of intellectual thought that were planned decades earlier. In the seventies, corporate interests became much more organized and involved with academia, intellectual pursuits, and lobbying. These business groups used these fronts to pursue their agendas, which often involved weakening organized labor.
PRODROMES

Throughout the late 1960s and 1970s, numerous conservative academic and research organizations were founded. This infrastructure countered the many left leaning think tanks such as the Brookings Institute and would eventually create support for the policies that would be enacted by conservative politicians. Even the conservative organizations which had existed for decades began to grow rapidly during the 1970s. Mimicking tactics that were used by labor and activist groups throughout the sixties, and that resulted in environmental, regulatory, and workplace safety initiatives, these groups were successful in popularizing conservative agendas.

Leading conservative figures such as Paul Weyrich and Richard Viguerie were architects of these new conservative organizations. Weyrich cofounded the conservative think tanks Heritage Foundation, Free Congress Foundation, the American Legislative Exchange Council, and the Political Action Committee Moral Majority. Weyrich stressed that conservative groups form unique coalitions, linking west coast libertarians, Christian organizations, and very wealthy individuals. Single issue groups like the National Rifle Association and Focus on the Family may have been successful, but Weyrich felt that groups could have a more wide reaching effect. Weyrich encouraged broad based organizations, many of which he helped form, to assist a wide range of activists on lobbying, protesting, fund raising, and qualifying initiatives for state ballots.

Viguerie was the son of a Texas oilman, and came into early prominence as the executive secretary for the organization Young Americans for Freedom. When he joined
the organization, it was deep in debt, and Viguerie devoted his resources to soliciting funds by writing letters to wealthy conservative business leaders. When this proved successful, Viguerie hired additional secretaries and purchased a mimeograph machine to embark on a full scale direct mailing campaign. Four years later, he formed his own company, RAVCO, devoted to raising money for conservative causes using direct mail. In 1974, RAVCO raised $198,568 for Americans for Effective Law Enforcement. Two years later, Viguerie assisted the Committee for the Survival of a Free Congress in raising $1.7 million. In addition to his fund raising efforts for conservative lawmakers and organizations, the success of his direct mailing campaigns would be replicated to defeat labor law reform.19

During the 1970s, these groups expanded immensely. Think Tanks and media organizations experienced a particular boom, as many formed throughout the decade. These organizations created research and publications directly for the marketplace of policies, and they soon became more efficient at this than their liberal counterparts. The CEO of Citibank, Walter Wriston, active at the American Enterprise Institute, later remarked that it took "about twenty years for a research paper at Harvard to become a law"20 whereas the conservative players could popularize and enact their ideas much more quickly.

In 1973, the Heritage Foundation was founded with a grant from the Joseph Coors, inheritor of the Coors brewing empire, with the explicit purpose to advocate conservative policies to sympathetic lawmakers. Ronald Reagan later remarked that the Heritage Foundation was the new "feisty kid on the conservative block." By 1980, the annual budget of the Heritage Foundation was $5.2 million. Taking a cue from Viguerie, the organization raised funds through direct mailing, requiring 140,000 individuals to contribute a minimum of twenty five dollars. Seven years after it was founded, it employed dozens of full time staffers, and disseminated hundreds of papers on topics as wide as economics and immigration. It looked to influence politicians as well, sponsoring seminars for congressman, funding internships in Washington, and created an enormous "resource bank" of facts and ideas. One reporter commented that the Heritage Foundation was the perfect ideological "filtration system" for new conservative politics.

The think tank American Enterprise Institute's stated mission is to "defend the principles and improve the Institutions of American freedom and democratic capitalism-limited government and private enterprise." Founded in 1938, AEI was much older than its counterparts. During the 1970s, its budget and staffing exploded. In 1970, the organization has a budget of $1 million and a staff of nineteen. A decade later, its budget increased to $10.4 million and it employed a staff of 135. In 1977 alone, AEI released organized 22 conferences, released 54 studies, prepared 15 analyses of legislative proposals, published 7 journals and newsletters, sent editorials to 105 newspapers, and published a public affairs television program that was aired on more than 300 stations.

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21 Sandbrocke, pp. 330
22 Willentz, pp. 123
AEI was successful in reaching broad audiences; a 1978 study condemning government regulation was republished in Reader's Digest, and became widely cited.²³

The Students in Free Enterprise organization was established in 1975 to foster support for free market ideals within college students, and quickly became fertile recruiting ground for corporations with anti-labor policies. The Hoover Institute at Stanford University published conservative writers and academics, including the bestselling novels of Ayn Rand, making a national cult of her free market philosophy of "objectivism."

The Intercollegiate Studies Institute was founded in 1953 with William F. Buckley as its first president, and was engaged in what its founder, Frank Chodorov, called a "fifty year project". His stated goal was to influence colleges and universities with conservative ideas. The first national conservative student organization, by the end of the century the institute would claim more than fifty thousand members. The multiple journals of the Institute, most notably The Intercollegiate Review, espoused conservative rhetoric and ideology.²⁴

Media outlets were used to disseminate conservative messages created by the think tanks and academics. The Wall Street Journal became a beacon for conservative ideas. William F. Buckley's weekly magazine The National Review was an important counter to more liberal publications such as The New Republic and The Nation, and his

²³ Vogel, pp. 224
²⁴ Willentz, 26
television program, Firing Line, expanded the public presence of conservatism. Dozens of newsletters and magazines, including Human Events, Conservative Digest, Washington Weekly, and The American Spectator, seemed identical. Thanks to conservative leaders like Weyrich and Viguerie, these organizations became "an institutionalized, disciplined, well organized, and well financed movement of loosely knit affiliates."^{25}

Using this academic infrastructure, conservative intellectual forces marketed their ideas to the public and policy makers. These think tanks and journals reprinted the research of one another on tax policy, cold war military strategies, and regulation, among other conservative issues. These political connections allowed different segments of the New Right, including corporate leaders, free market ideologues, and conservative politicians to unify. This research infrastructure also ensured a new generation of conservative writers, researchers, and activists. These institutions began to function as an independent political machine. Indeed, they were instrumental in a concerted effort to popularize Reagan era policy decisions. These ideas would also allow for broader political support for Reagan.

The movement against organized labor, for regulatory reform, and for lower taxes on businesses owed much to the scholarship funded by these think tanks. They also provided many of the people who would be instrumental in formulating and implementing policies during the Reagan administration. Probably most important was

^{25} Sandbrook, pp. 331
their role in shaping public opinion to be skeptical of government intervention and organized labor.

If Weyrich, Vigerie, and Chodorov were the face of a new conservative intellectual framework, Lewis F. Powell was the face of a new conservative legal framework. Appointed by President Nixon as an Associate Justice of the Supreme Court in 1971, Powell would go on to consistently legislate in favor of free market capitalism. A former corporate attorney, he protected corporate financial contributions as political speech pursuant to the first amendment, and inspired the U.S. Chamber of Commerce to be more politically active. His Powell Memorandum, written less than two months before his appointment and directed to the Chamber, called on corporations to assist in forming policies and law in the nation.

The memo, entitled "Attack on American Free Enterprise System" outlined ways in which businesses could defend themselves against a broad attack from "disquieting voices." Powell urged the Chamber, and other groups of business interests, to organize and rally against progressive intellectuals. Powell expressed specific concern with the growing apathy of students to the business community. Powell suggests a litany of solutions to academic problems- scrutinizing textbooks to remove the viewpoints of the civil rights movement and organized labor; staffing universities with conservative scholars; and influencing school curricula.26

Social scientist Daniel Yankovich agreed. He observed that the “massive withdrawal of public confidence has created a severe problem business is going to have to deal with. For some of the demands rising directly or indirectly out of the student revolution include a desire to regulate business more closely, to curb its power and influence, to restrict its overseas investments, and to prevent it from growing through increased use of technology”. Researchers from General Electric came to the same conclusion. In a report called “Our Business Environment”, researchers concluded that there had been a “relative decline of industry as a prime motive force in our society.” They predicted that “a key problem for the next decade for business would be environmental adjustment.”

To deal with political problems, Powell advocated that the Chamber hire a competent staff of lawyers to counteract the influence in the courts held by the American Civil Liberties Union and organized labor. In the same sentence, Powell simultaneously lambasted academic judges while suggesting that the judiciary would become the most important instrument for social, economic and political change. Powell recommends than businesses imitate the AFL-CIO, and lobby politicians, influence academia, and project their messages on media venues.

The message appears to have been received. In 1971, the year the memorandum was written, only 175 businesses had registered lobbyists; by 1979, the number had increased to 650. By 1982, just eleven years later, a total of 2,445 firms had some level of

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27 Vogel, pp. 57
28 Ibid., 117
political representation in Washington. In 1973 the National Association of Manufacturers moved its headquarters to Washington to increase its political influence. Many trade associations followed the example. In 1977, the number of trade associations based in Washington increased by 21 percent. By 1978, nearly 2,000 trade associations worked out of Washington. Their budgets and personnel grew accordingly. By 1980, there were 12,000 lawyers in Washington representing businesses, 9,000 lobbyists, 50,000 trade associated personnel, 8,000 public relations specialists, 1,300 public affairs consultants, and 12,000 specialized journalists.\textsuperscript{29}

The Chamber of Commerce underwent a rapid revitalization in the seventies. During the fifties and sixties, the Chamber was ineffective at lobbying. During the seventies, its membership and stature increased dramatically. In 1967 the Chamber had 36,000 members. By 1974, the number of members nearly tripled, with 80,000 members. The budget also tripled between 1974 and 1980. By 1980, the Chamber had a budget of $55 million and forty-five full time lobbyists.\textsuperscript{30}

The Business Roundtable formed in 1972, merged from three small groups: the Construction Users Ant-Inflation Roundtable; the Labor Law Study Committee, created to counterbalance the political influence of organized labor; and the March Group, a group of CEOs focused on increasing the political effectiveness of business. The Business Roundtable was unique in that it was the first business lobbying organization whose membership was comprised solely of CEOs of major corporations. Only five years

\textsuperscript{29} Ibid. pp. 198
\textsuperscript{30} Ibid. pp. 200
after its formation, the group consisted of 180 Chief Officers, representing many large firms. As one senior legislative aide put it, "The conventional wisdom is that they're extremely effective, for the very reason that they put themselves together. When they come in here, it's not some vice president for public relations, but the president of GM, Du Pont or another corporation coming themselves. That has a hell of a lot more impact than some lobbyist."31

The newfound cooperation between businesses was staggering. One corporate lobbyist commented that individual companies "learned not to try to fight by themselves. They learned to find people who were similarly situation and form ad hoc committees with these people and have a concerted, organized effort across the board of a number of industries who were similarly situated to fight the thing together. If you put ten different companies or ten different trade associations in one room you're bound to have a plant in a lot more Congressional districts and a lot more states than if you're just one person".32

In many cases, the people who were leading these think tanks and trade associations had direct financial interests in shaping the legislative and intellectual conversations rightward. These groups opposed any ideas and legislation that would affect corporate revenue. This became clear as these and other groups worked together to oppose the agenda of organized labor in the late seventies.

31 Ibid. pp.198
32 Ibid. pp 200
LABOR LAW

Political conflict between business and labor intensified throughout the seventies. after relative decades of calm before. Using the newfound strength of lobbying organizations, and with campaign finance reform in the aftermath of the Watergate scandal, the business community took on an active and aggressive roll in combating the legislative agenda of organized labor.

The formation of the Business Roundtable and other organizations can be seen as the institutionalization of cooperation between corporations. The Roundtable acted as much more than a trade association, largely choosing to work on issues that affected businesses as a whole rather than those that affected a single industry. The Roundtable opposed subsidies for the merchant marine industry and the bailout of Chrysler. Similarly, even businesses that supported labor law reform lobbied against common situs-picketing when the Roundtable opposed the bill.

The Business Roundtable and other lobbying organizations were joined by the growth of corporate Political Action Committees (PACS). In the aftermath of Watergate, Congress passed several amendments to the Federal Election Campaign Act of 1971, placing strict limits on what individuals and PACs could donate to candidates for federal office, and providing public funding for presidential general elections. The Federal Election Commission (FEC) was also formed, designed to regulate contributions and increase transparency.
The business community welcomed these reforms. By reaffirming the provisions of a 1971 statute allowing companies to create PACS, it provided businesses with a legal way to contribute money to campaigns and shape legislation. Two subsequent decisions by the FEC facilitate the use of PACs by corporations. In an opinion requested by the Sun Oil Company, corporations were allowed to solicit campaign contributions from employees as well as shareholders. In addition, although PACs were limited to $5,000 donations, the FEC allowed corporations to establish multiple PACs. This effectively negated any donation limitations, since corporations could create as many PACs as employees and shareholders could fund.\textsuperscript{33}

The Federal Election Campaign Act was further weakened by the 1974 Supreme Court Decision Buckley versus Valeo. The decision struck down provisions restricting individual campaign contributions, and reaffirmed the FEC decisions regarding multiple PACs and employee donations. In light of this decision, and with Watergate still fresh in memory, congress reconsidered campaign finance reform. Organized labor was particularly involved in the reform, fearing that their influence would be diluted in a flood of corporate money. Their fears were grounded in reality; the numbers of PACs were increasing dramatically. Although Republicans in Congress were not strong enough to defeat the restriction of corporate campaigns contributions, they were still able to filibuster any potential reform.

Unable to pass the legislation in congress, a compromise was subsequently reached. Company PACs could receive campaign contributions from shareholders,

\textsuperscript{33} Vogel, pp. 119
executives, administrative personnel and families; labor PACs could receive contributions from union members and families. Unions also gained the ability to collect funds through payroll deductions if the company raised money that way. Lobbyists were unhappy with the legislation, and urged President Gerald Ford to veto it. The legislation was reluctantly signed to "maintain the integrity of our election process" for the 1976 election.

As a result, the number of corporate PACs ballooned. In 1974, there were 201 PACs representing organized labor, compared to only 81 corporate PACs. Four years later, there were 784 corporate PACs, and approximately 500 trade association PACs, compared to the labor's 217 PACs. Not defined by party lines, these groups targeted Democrats as well as Republicans.

A September 1978 article in The Wall Street Journal recorded the process unfold. The article remarks that "business PACs aren't experiencing any difficulty in finding outstretched hands, and they seem to be getting their money's worth from a growing contingent of Democrats. Many observers, looking at the pro-business tone of the current Congress, have concluded that PAC dollars have something to do with it. Says one Democratic member of the House Ways and Means Committee: 'These PACs are influencing a lot of Democrats. You're seeing people from mainstream Democratic districts, elected with labor support, who are not voting with business.'"35

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34 Ibid. pp. 120
35 Cowie, pp. 233
These PACs were first tested in the 1978 Congressional elections. In the aftermath of Watergate, campaign finance laws imposed strict limits on donations. An individual could donate no more than $1,000, and a political group could donate no more than $5,000. With the enormous growth of PACs, these obstacles were circumvented. Despite campaign finance reform, for the 1978 election, Republican candidates received more than nine million dollars from corporate PACs, eleven million dollars from trade association PACs, and three million dollars from other pro-business PACs. In contrast, labor unions gave just nine million dollars to Democrat candidates. The lesson to candidates was clear: take pro-business and anti-labor positions. Senator Adlai Stevenson III of Illinois remarked that these developments were “a revolutionary element in American politics.”  

This newfound political and financial muscle worked in direct opposition to the interests of organized labor. The Business Roundtable and other organizations were instrumental in stopping the AFL-CIO in its legislative agenda. Labor had ambitious dreams in the mid and late seventies; to repeal section 14(b) of the Taft-Hartley Act, ending the right to work provision, ensuring card check union certification, and a full employment bill. Hoping to build momentum to these bills, labor leaders decided to give priority to a common situs-picketing bill. The bill, which would have overturned a previous Supreme Court decision and would have allowed unions to picket a construction site as a result of a grievance held against a single subcontractor on the site. Less ambitious than other labor demands, the bill was first introduced in 1967 and vetoed by

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36 Sandbrook, pp. 336
President Ford. Labor made a second attempt in 1977, but was met with fierce opposition by a coalition business interests.

Richard Creighton of the Associated General Contractors, who had chaired the National Action Committee on Secondary Boycotts, began holding weekly meetings of a group of forty construction employer associations. As a result, the employers were well prepared for labor’s early initiative. By 1977, the committee expanded to include seventy additional business organizations. The committee launched an aggressive media campaign against common situs-picketing, depicting the practice as conducted by corrupt union bosses. Eventually the committee had the backing of over one hundred trade associations and corporations, including the Business Roundtable and the National Federation of Independent Businesses.37

The House Committee on Labor soon realized that they did not have the necessary votes to support the bill. A diluted version of the bill was proposed, restricting common situs-picketing on residential construction sites, and exempting picketing in connection with union jurisdiction disputes or product boycotts. Even the diluted bill fared poorly. Once in the House, the bill was amended to exempt buildings three stories or shorter and any current construction. Despite compromising on a majority of their demands, the bill was still rejected.

Organized labor experienced such defeats because of the organized and efficient lobbying of the business community. Compared to lobbying efforts a year ago, business

37 Vogel, pp. 151
organizations chose what they called a “rifle” rather than a “shotgun” strategy. Lobbyists targeted members of Congress they believed they could most influence. For instance, they concentrated a large amount of effort on the sixty eight new members of the House, who were not yet politically entrenched. Their techniques were sophisticated as well. Using grass roots efforts, business organizations encouraged members of these districts to send letters and postcards to their congressmen. Spokesmen for the offices of several freshmen confirmed that the flow of mail and personal lobbying had been the most intensive yet seen by the new members and that it played a role in determining their vote. These efforts worked. Thirty seven of the new congressmen opposed the bill, including seventeen whose candidacy was supported by the AFL-CIO.\textsuperscript{38}

Organized labor lobbied significantly less efficiently. One new Democrat congressman received 248 pieces of mail opposing the bill and one supporting it. House Speaker Thomas O’Neill criticized organized labor, saying that “when you get careless, the train goes off the tracks.” The sophistication and intensity of the business community’s lobbying had much to do with its unity. Professional associations and corporations worked together to win immense congressional support.

The second defeat to labor’s legislative agenda followed with an attempt at labor law reform. Concerned with declining union membership, the AFL-CIO focused on making it easier to organize workers. Organization had become less effective; during the mid-sixties, labor had won 60 percent of representation elections. Just a decade later, the number declined to 46 percent. Labor leadership attributed this decrease to the aggressive

\textsuperscript{38} Ibid. pp. 152
behavior of business. Between 1967 and 1977, the number of complaints of unfair labor practices submitted to the NLRB more than doubled.\textsuperscript{39}

A month into the Carter administration, the ALF-CIO executive council earmarked 2.5 million dollars in funds to conduct a public relations campaign to support labor law reform. After the failure of lobbying efforts for the common situs-picketing, organized labor sought to look less like a special interest group and to emphasize the social justice dimension of the issue. Lobbying and education campaigns closely coordinated with a consumer boycott of J.P. Stevens, a major Southern textile manufacturer in the south that repeatedly violated labor laws. They also attempted to replicate the grassroots strategy of business, forming alliances with religious organizations and civil rights groups. Following negotiations between President Carter and the AFL-CIO, the administration recommended several changes in labor law to Congress. These included increasing penalties for noncompliance with NLRB decisions, and expediting the process by which the NLRB made decisions over allegations of unfair labor practice.\textsuperscript{40}

The bill appeared to be off to a good start. It quickly passed in the House with a margin of 257 to 163. The bill seemed poised to pass in the Senate as well. Fearing the passage of the bill, business mobilized. In June 1977, the National Action Committee for Labor Law Reform was created. It was co-chaired by Richard Creighton, who was instrumental in defeating the common situs-picketing bill. The committee was joined by

\textsuperscript{39} Ibid. pp. 152
\textsuperscript{40} Cowie, pp. 290
numerous business organizations, including the National Association of Manufacturers, the Chamber of Commerce, the Business Roundtable, and the Associated General Contractors.\textsuperscript{41}

While the bulk of financial support against the bill came from large corporations, the bill was defeated due to the massive mobilization of small business owners. As many large corporations were already unionized, they did not fear a more efficient organization process by labor. Small businesses, many of which were nonunion, feared that a passage of the bill would increase organization efforts and result in higher personnel costs. More than five hundred chapters of the National Small Business Association, the National Federation of Independent Businesses, the American Retail Federation, and the National Restaurant Association lobbied their representatives. An aide to Florida’s Senator remarked that he couldn’t “remember when we last experienced a lobbying effort like this. It’s so well structured and well organized. I don’t think they missed a single possible opponent of that bill in our state.”\textsuperscript{42}

A confidential memorandum from the National Association of Manufacturers about the issue read “We should try to make [labor law reform] an issue that would be too hot to handle. We should emphasize that the proposed legislation has already aroused the wrath of the entire business community, and that any showdown on the bill will be far more than anything Congress has seen in a long while. In this vein, individual member

\textsuperscript{41} Vogel, pp. 153
\textsuperscript{42} Ibid. pp. 155
companies should be encouraged to contact their representative early and vent their horror.”

Computerized mailing lists of these organizations were implemented to lobby congressman. More than fifty million postcards attacking the bill were printed and disseminated to organization members. Of these, six million were mailed to Washington. By the end of the season, nearly every postcard maker on the east coast was sold out. These postcards were even more effective because representatives were very responsive to small business owners.

Had the bill been voted on in the Senate right after the vote in the House, it probably would have passed. Senate action was delayed due to an emphasis on the Carter administration’s priority on the ratification of the Panama Canal treaty. This gave business time to mobilize. In the period between January and May 1978, Senators received more than eight million pieces of mail and thousands of visits by constituents. When the bill reached the Senate, the nineteen day long debate was fierce. Six attempts to invoke cloture, two involving 58 senators, failed. The bill was eventually forced back to committee.

Conservative senators were ecstatic. Senator Orin observed the assertiveness of business organizations, stating, “When I first arrived, the business community was headed by a bunch of gutless workers.” But the labor law dispute “created a liaison of

43 Ibid. pp. 155
understanding between business and Congress. Now some of the so called intellectuals are rethinking their antibusiness thinking."\(^{44}\)

The Humphrey-Hawkins Full Employment Act was organized labor’s most spectacular legislative item to fail during the Carter administration. The Act established the “right of all American’s able, willing, and seeking work to opportunities for useful paid employment at fair rates of compensation.” Unlike the Full Employment Act of 1946, Humphrey-Hawkins contained specific policy goals and mechanisms to achieve them. The goal of the Bill was to reduce unemployment to three percent of adults within four years of its passage. It also stipulated that the government must create an annual full employment and annual growth plan, and to act as an employer of last resort if employers were unable to achieve these goals.

A broad coalition supported the bill and its goals, including the AFL-CIO, the United Auto Workers, the Congressional Black Caucus, and Environmentalists for Full Employment, and Americans for Democratic Action. These groups represented a wide spectrum of the Democratic Party. This was remarkable given that the groups had very disparate, often conflicting agendas. Stephan Schlossberg, General Counsel for the UAW, commented that “this revitalized coalition… could result in an outpouring of labor supported economic legislation similar to the civil rights laws.” The legislative director for the AFL-CIO added “Full employment is the basic fight we hope will start the whole thing. Every other damn thing really focuses around full employment.”\(^{45}\)

\(^{44}\) Ibid. pp. 156  
\(^{45}\) Ibid pp. 142
The provision for the government to become the employer of last result spurred many economists to call upon the federal government for a national industrial policy. In 1975 an Initiative Committee for National Economic Planning was formed. The committee recommended that a federal Office of National Economic Planning be formed. The purpose of the Office would be to analyze economic data and make recommendations on how to optimize the economy.

Federal intervention in the economy was met by resistance from many members of the business community. Walter Wriston, the Chairman of Citicorp, described the plan as the first step in an "economic police state... [that] would destroy both our personal liberty and our productive power". Business Week published an editorial that read "in an economy as big and complex as the United States, national planning would be national frustration". Fortune Magazine ran an article stating that the bill "would lead to deep erosion of freedom and economic efficiency."

President Carter supported a diluted version of the bill, making bureaucratic changes and calling for stiffer penalties for labor law violators. The same groups that blocked the common situs-picketing bill mobilized to block the Labor Reform Act. Instead of focusing on the substance of the bill, they concentrated their campaign on portraying organized labor as union bosses, and that the bill would destroy American economic competitiveness. The opposition was organized and well-funded. When the bill passed, it was unrecognizable from its original form. In an open letter in the Wall Street

\[46\] Ibid. pp 144
Journal, George Meany asked business leaders "Do you secretly seek a death sentence for the collective bargaining system you so often hail in public forums?" 47

47 Cowie pp. 293
UNIONS

The Phelps Dodge strike in 1983 saw this convergence of conservative forces
work deliberately and viciously against the United Steelworkers and other unions
involved. Representing the academic powers at work was a senior scholar from the
Wharton School, Professor Herbert Northrup. Familiar with the industry, and galvanized
by the copper strike of 1967, Northrup became increasingly tied to multiple antiunion
campaigns. His Research Advisory Group (RAG) academic team at the Wharton School
customized its work to the specific demands of Phelps Dodge and other corporations. At
their request, Northrup originated a study of how a strike might be used against unions.
His conclusion was that the permanent replacement of striking workers would ensure a
company's victory.

With the participation and financial support of Phelps Dodge, the RAG devoted
strategic and consultation services for other corporations struggling against unions.
Northrup and the RAG facilitated resistance to the District 925 of the Service Employees
International Union., conducted massive letter drafting campaigns for businesses on pro
management appointments to the National Labor Relations Board, and provided speakers
and informational pamphlets on antiunion campaigns in chemical, textile, retail and other
industries.

Prior to the strike, and right as Richard Moolick became President of Phelps
Dodge, the RAG published a guide for business continuity during strikes. The book,
called Operating During Strikes, was written by Northrup and Wharton professor Charles
Perry, and was funded by Phelps Dodge and other corporations. The book was less an academic analysis than a guide on how to replace striking workers. The book detailed legal complications a corporation may face, and practical advice on improving morale of the replacement workers. Sections even reviewed local liquor laws to ensure that beer could be given to the workers. Phelps Dodge ordered a box of *Operating During Strikes* and disseminated them to executives. The suggestions were taken seriously, and likely effected the outcome of the strike.48

In the aftermath of the 1983 strike, memorandums mailed from the RAG brought referenced their impact on the permanent replacement of workers on four separate mailings between October 1983 and July 1984. In a memorandum in December 1983, Northrup referred to the Phelps Dodge strike as a "case study."49 These memorandums frequently blamed organized labor for company problems, and offered to sell informational video tapes on the Phelps Dodge strike to members.

The bias of Northrup and the RAG was obvious, and he received criticism from his colleagues at Wharton. A 1981 centennial publication at Wharton noted that under Northrup, the Industrial Research Unit "ventured into controversial waters and financial support from the federal government and the mainstream foundations fell sharply. Northrup's consistently pro management studies, however, found new funding with corporations and politically conservative philanthropies." The increased organization of

48 Rosenblum pp. 61
49 Ibid. pp 62
the business community of the seventies had a drastic impact on the miners’ strike less
than a decade later.\(^{50}\)

The outcome of the strike was also altered by the election of conservative politicians and their appointed officials. Phelps Dodge was assisted by the Arizona and New Mexico regional Director of the NLRB, Milo Price. He had an impressive conservative pedigree; he was the protégé of Ralph Kennedy, the NLRB chairman under President Nixon and was an attorney with the NLRB Southern California office when Reagan was Governor. As a labor board attorney, Price specialized in taking action against unions engaged in sympathy strikes. He was so successful that opposing labor attorneys referred to him as “Mr. 10-L”, referring to the federal labor code Price used against the unions. In 1972, he was appointed as the Director of the NLRB Southwest office. When President Reagan was elected, Price found himself at the top of the list to become national chairman of the NLRB—the most powerful labor management position in the United States.

In an often recited anecdote by union consultants, Frank Fitzsimmons, then Jimmy Hoffa’s replacement and head of the Teamsters, approached President Reagan to ask that Price not be appointed to lead the NLRB. Reportedly, Fitzsimmon’s demanded to Reagan “Mister Reagan don’t bring in Milo Price. He’s a son of a bitch” Arizona labor leaders, who had dealt with Price personally, were also furious at the prospect. Even management attorneys acknowledged how ruthless Price was, telling business publications that he “shares the viewpoint of management”. Although it is unknown

\(^{50}\) Ibid. pp. 62

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whether lobbying by organized labor blocked the appointment of Price to national chair, he remained as the Director in the Southwest, and played an influential role in the Phelps Dodge strike.\(^51\)

Price was unmistakably anti-union. In an interview, one former board employee recalled that “if you came up with a recommendation contrary to [Price’s] anti-union views, he would criticize your work and force you to rewrite your recommendation as many as five or six times until he broke you down. Eventually you would give him what he wanted. That meant you had better recommend dismissal of unfair union labor practice charges against the employers he favored.”\(^52\)

Another similar technique of Price’s involved intervening in cases by reassigning investigators without any reason or explanation. Board attorneys observed this pattern in the Price office, and reported that he would frequently appoint employees who did not speak Spanish to cases that involved Spanish speaking low wage workers trying to organize.

Although the NLRB would not decide the outcome of the Phelps Dodge strike, the board played an important role in determining the bargaining power of the company and the unions. When the first charges were filed by the copper miners unions in 1983, Price reportedly paid an inordinate amount of attention to the case. One NLRB official later remarked “There had never been a case that the regional director monitored in such

\(^{51}\) Ibid. pp. 185
\(^{52}\) Ibid. pp. 62
detail. Ordinarily a regional director is not involved in the assignment or the direct supervision of charges. However, the opposite held true in regard to Phelps Dodge”.

The particular charges involved allegations by the miners that Phelps Dodge had negotiated in bad faith with the unions. Phelps Dodge was concerned that if this was established in court that would have meant that the unions would have maintained their status as representatives of all employees, forcing Phelps Dodge to lay off the replacement workers when the strike concluded. The former NLRB official recounted that Phelps Dodge’s strategy was to “convince Price never to issue a complaint, and Price was glad to oblige.”

The charge that Phelps Dodge did not negotiate in good faith was filed on September 2, 1983. Specifically, the unions alleged that Phelps Dodge refused to bargain over wages when they when it refused to grant any cost of living increase. Ultimately, the decision rested with Price. A month and a half after the charges were filed, Price released a one page and a half decision that stated “The investigation... has disclosed no evidence... that the employer attempted to bargain directly with employees or made threats or promises of benefits to employees”.

The miners were not the only group who saw opposition from political appointees with conservative agendas. PATCO encountered harsh government opposition throughout the Reagan administration. Although he did not campaign specifically against

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53 Ibid. pp 191
54 Ibid. pp 100
organized labor, most unions greeted his election as an unmitigated disaster. These thoughts were grounded in reality. His administration opposed increases in the minimum wage and minimized enforcement of occupational safety and health laws. As we saw with Phelps Dodge, The National Labor Relations Board was staffed by members who were unquestionably in favor of employers. Particularly worrisome for PATCO was a federal hiring freeze enacted shortly after Reagan took office. Furthermore, cuts in aid to state and local governments made collective bargaining more difficult for unions at that level. Reagan also nominated construction executive Raymond Donovan as his secretary of labor. This was done without consultation with the AFL-CIO, as his predecessors had done.55

Donovan proved to be a more moderate member of Reagan’s cabinet. When the strike broke out, Donovan feared that the blanket firing of striking workers would antagonize organized labor, particularly with the other large union that backed Reagan; the Teamsters. Speaking at a convention of contractors, Donovan said that the administration was seeking “a way out of what I can only describe as the most difficult legal situation as it applies to government-union relationships that anyone can remember”. The white house immediately disavowed Donovan’s statement, and insisted that Reagan was not in any way looking for a way out. In a memorandum to all white house staffers the point was emphasized: no strikers would be rehired. Donovan may have been sympathetic to the striking workers, but Reagan and his appointees did not share Donovan’s sentiment.

55 McCarrison, pp. 234
Donald Devine was a staunch conservative appointed as the Director of the Office of Personnel Management. As such, he oversaw the management of the entire civil service system of the United States. There were reasons to see a coming clash between him and the controllers; Devine opposed civil servants negotiating over salary, fearing that its effects would reverberate through the entire federal workforce. Devine was relieved that PATCO had rejected the tentative precedent setting contract, fearing it would galvanize others federal workers. When the PATCO strike occurred, Devine refused to take calls from the AFL-CIO, and urged the administration not to negotiate with workers striking illegally. Devine outlined his perspectives in a memorandum to President Reagan on December 7, 1981.

In his memorandum, Devine made clear the domestic and international ramifications of the President’s decision. He wrote that rehiring striking workers would “not be understood by a critical mass of the president’s constituency”. Such a move would dismay both conservatives and business leaders. Internationally, Devine wrote that rehiring strikers would send mixed signals to “governments internationally” that had been “very impressed with the President’s strong position on the issue”. Thus, Devine emphasized the importance of not rehiring workers. “It will not be seen a backing down,” Devine advised the President. The Washington Post would later refer to Devine as “Reagan’s “terrible swift sword of the civil service.” 56

Input for Reagan’s PATCO decision came from all corners of the conservative establishment. Negotiations were directly influenced by the book Mandate for

56 Ibid. pp 250
Leadership, a list of policy recommendations for the administration compiled by Edwin Feulner, then President of the irrepressible Heritage Foundation. Regarding PATCO, the recommendations specifically warned against taking a “wishy washy” approach. FAA Director Helms, a follower of the Heritage sponsored volume, readily agreed. He publically ridiculed claims that controllers were overworked, stated that PATCO’s salary demands were outrageous, and estimated that the FAA was overstaffed by thousands of comptrollers.57

It appears as if FAA management cared little about courting organized labor. In March 1981 Jonee Lynn Helms was appointed as FAA administrator, who began immediately planning to respond to a potential strike. Prior to working for the FAA, Helms served as President of Piper Aircraft, where he developed a reputation of being anti union. Helms strengthened the FAA strike contingency plan, allowing the scheduling for twice as many flights and giving the airlines discretion to determine which flights should be cancelled. Helms arranged for replacement workers, the retraining of supervisors and securing cooperation from military controllers. He also readied the controller training facility to receive an enormous wave of new trainees. The strategy was planned with and endorsed by the major airlines and the ATA with the expectation of a major future strike action. The Department of Transportation also contracted the services of the law firm Morgan, Lewis, and Bockius to bargain with PATCO. The firm advocated an inflexible approach to labor bargaining, and was referred to as a “union busting” organization by the AFL-CIO.

57 Ibid. pp. 78
Despite the conservative appointees to his cabinet and federal agencies, Reagan had the final word. Quoted as saying “Damn it, this is the law and the law says they cannot strike. Having struck, they have quit their jobs, and they will not be rehired”. The only reason the controllers were given the forty eight hour ultimatum, Reagan added, was to give enough time “for this message to reach everyone.” Preparing for a statement to be given in the Rose Garden, Reagan expressed dissatisfaction with the speech draft given by his staff.\(^{58}\)

The speech additions and revisions Reagan made give insight into his thought process. The first read “Let me make one thing plain; I respect the right of workers in the private sector to strike. Indeed, as President of my own union I led the first strike ever called on by that union... but we cannot compare labor management relations in the private sector with government. Government cannot close down the assembly line.” Framing the strike as a law and order issue, he oversaw the mass firing of 11,000 controllers.\(^{59}\)

Prior to the 1981 strike, PATCO experienced both positive and negative court decisions. In the aftermath of the 1970 sickout, the U.S. District Court punished the union by issuing a permanent injunction that would punish PATCO for any further job action. In 1977 PATCO established a thinly veiled strike fund known as a “Controller’s Benefit Fund.” The fund was ambitious, comprising fifteen percent of all dues revenue. It was also clearly a strike fund, being described as a means to pay “members who are

\(^{58}\) ibid, pp 298

\(^{59}\) ibid, pp. 298
disciplined as a result of participation in a nationally sanctioned job action.” The FAA filed a complaint with the Federal Labor Relations Authority (FLRA), charging that the fund violated the no strike provision of the Civil Service Reform Act. The FLRA dismissed the charges, maintaining that preparing for a strike was legal, as long as no strike occurred.⁶⁰

The legal response to the 1981 was significantly harsher. The Justice Department sought the arrest of dozens of strikers for violating the no strike law and refusing court orders to return to work. Summons were delivered to strikers by federal marshals at picket lines, union halls, and controller homes. Seventy-eight controllers were charged in relation to the strike. PATCO was ordered to pay $28.8 million in damages to the affected airlines. These fines would have been even more significant, several judges lessened penalties after learning that the government would not allow striking controllers to return to work. PATCO leaders watched in horror as their union was decertified.⁶¹

The miners too, watched helplessly as the Phelps Dodge office petitioned the NLRB for decertification for the unions. The request occurred a year after the strike began, with workers still staging actions and protests. With the replacement workers deciding on representation, it was clear to all involved which way the vote would go. One union official objected that the entire process was "with a stacked deck." The results were

overwhelming; workers voted to abolish all thirty locals at all Phelps Dodge properties by a combined vote of 1,908 to 87.

Decertification was more significant for the miners because it echoed throughout private employers. The PATCO decertification was more dramatic and widely watched, but the union was decertified because of illegal strike action. The mining locals were decertified by a vote by replacement workers, which would be repeated throughout the 1980s by meatpackers, greyhound employees, and international paper workers. It is likely that these companies were led by the example set by Phelps Dodge. Shortly after the decertification vote of the mining locals, executives began spreading the word to other companies. In the aftermath of the strike, Phelps Dodge gave a presentation at the Wharton School that included lengthy videotape on how it broke the unions.\textsuperscript{62}

\textsuperscript{62} Rosenblum, pp. 196
CONCLUSION

Throughout the seventies businesses embarked on a massive multifaceted campaign of organization focused around their interests. They were thorough, pushing their agenda through many venues. Using think tanks and funding research, business was able to promote conservative and free market ideals to a new generation of students. Organizationally, hundreds of new trade associations and groups were formed, uniting people across industry and discipline. With the advent of campaign finance reform, these groups were able to lobby aggressively and successfully.

These developments did not bode well for both the ALF-CIO and individual locals throughout the nation. Beginning with the defeat or dilution of labor law in the seventies, the marriage of conservative academic forces and trade associations worked systematically and efficiently to undermine labor's efforts. Phelps Dodge saw it; a university-sponsored academic was paid to write a plan on breaking strikes for a major corporation. When the strike continued for a long period of time, the Democratic governor committed the cardinal sin against labor—he summoned the National Guard. PATCO too, became the embodiment of a strike crushed by conservative government, as President Reagan personally oversaw the mass firing of 11,000 controllers.

Both of these strikes, and the PATCO strike in particular, took on a mythology that framed these events as turning points in American labor relations. This assertion perpetuated labor's problems in the coming decades to one event. Had these strikes and the increased use of permanent replacements never occurred, labor would still have
encountered immense difficulties in the next three decades. In addition to aggressive
corporate resistance to collective bargaining, economic trends had already begun to shape
the nature of labor relations when these strikes occurred. The decline of industrial jobs,
the reduction of job protecting tariffs, globalization, and the advent of new technologies
all shaped employment in a way that decreased the effectiveness of organized labor.

Phelps Dodge is an embodiment of these collective problems. Globalization
caused a dramatic decline in the cost of copper, affecting the competitiveness of mining
operations. A lack of import protection or tariffs on copper failed to cushion Phelps
Dodge from the plummeting copper prices. Most importantly, a company president
dedicated to aggressively replacing workers and breaking the unions and a political
atmosphere complicit in this made the eighties poor for the Arizona mining unions and
for organized labor as a whole.

Although economic issues and the flood of cheap copper from South American
and Africa made the United States copper industry less competitive, Phelps Dodge could
have weathered the storm and continued to pay union wages. After the decertification of
the unions, executives at Phelps Dodge watched the price of copper increase
dramatically. The magnitude of profit was staggering; in 1985 Phelps Dodge earned
$29.5 million. Three years later, the profit increased to $420 million. In 1988 the Phelps
Dodge executive staff received lucrative bonuses. PATCO may be a notorious example
of a decline in organized labor, but Phelps Dodge is more typical manifestation of
aggressive tactics against labor by business.
One thing is certain. The specter of PATCO has long haunted American workers. The strike and mass firing and replacement or workers magnified the problems that were afflicting organized labor. In 1981, American workers watched the destruction of technologically sophisticated, seemingly indispensable workers permanently replaced by the federal government. Furthermore, these events unfolded with the support of the public with and the AFL-CIO unable to assist.

In 1993, the Chicago Teachers Union leadership agreed to adopt a concessionary contract that included a wage freeze. Rank and file members were angry, and threatened to vote against it. A leaflet distributed conjured the ghost of PATCO. “Remember PATCO? Their union was destroyed and they lost all their jobs. Don’t let that happen to us.” The message was successful. The teachers voted for the contract with a considerable margin.\textsuperscript{63}

\textsuperscript{63} McCartin, pp. 362
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