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THE JOURNAL REPORT: BOSS TALK

Are Unions Relevant?

SEIU President Andy Stern thinks so. But he also sees a need for an attitude adjustment.

By **KRIS MAHER**

January 22, 2007; Page R5

While most American unions are losing members, the Service Employees International Union is gaining them. The union has successfully organized workers in the South.

What's more, it has had success in industries, including health care and janitorial services, that are both growing and dominated by low-wage immigrant workers hoping for higher pay and health-care and retirement benefits.

THE JOURNAL REPORT



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As president of SEIU, which represents about 1.8 million nurses, security guards, janitors and others, Andy

Stern has become one of the most recognizable and powerful labor leaders in the country. In 2005, Mr. Stern pulled his union out of the AFL-CIO in dramatic fashion at its convention, and has since helped form the rival Change to Win federation, which represents about six million workers.

Mr. Stern says he wants to remake the labor movement by shedding its old adversarial image and creating more labor-management partnerships. Last week, he announced a new partnership with the Business Roundtable and American Association of Retired Persons to push Congress to act on health-care reform.

At the same time, SEIU is feared by many employers, because of its high success rate at waging aggressive organizing campaigns that usually include support from elected officials, clergy and activists, in addition to punishing publicity for employers.

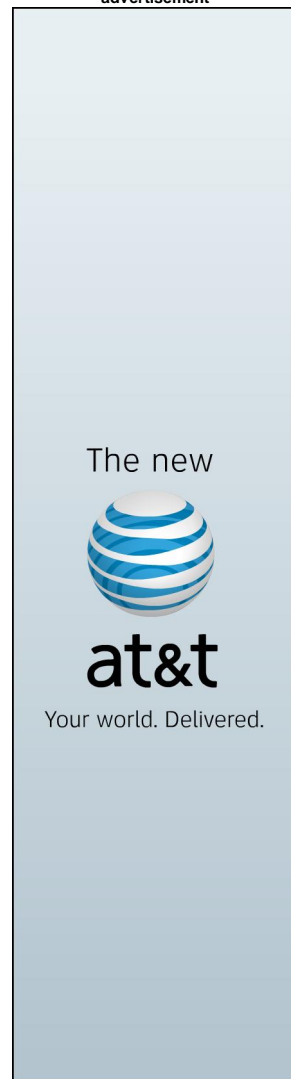
In an interview, Mr. Stern talked about why unions are still relevant, the impact of a Democratic-controlled Congress on health-care and pension policy, and whether unions will ever organize the U.S. employees of [Wal-Mart Stores Inc.](#) Here are excerpts:

The Need for Unions

THE WALL STREET JOURNAL: *With 7.8% of U.S. private-sector workers belonging to unions today, down from about 35% 50 years ago, the U.S. has one of the lowest*



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percentages of private-sector workers covered by collective-bargaining agreements of democracies around the world. Are unions still relevant in the U.S.?

MR. STERN: I think the need for unions is far greater today than almost at any time since the 1930s and '40s. I think American workers want a voice on their job. And the question is: Will unions change to become better partners with employers to respond to what is now a global economy, where more people went to work today in the U.S. in retail than in manufacturing?

WSJ: *Do you think employers in the U.S. are much more anti-union today than 20 years ago?*

MR. STERN: For one thing, I think unions missed the growth of the new economy, so huge companies and industries grew up nonunion -- in technology, all of Silicon Valley; in medical research, biotech. So there's not a history, and then when unions arrive they are dealing with very substantial employers. And second, I think as much as we try to be partners with our employers -- who told us we should change and understand their competitive issues and try to add value, not create problems -- the employers are not looking for any kind of union, even a good partner.

WSJ: *Is the opposition you face during organizing campaigns tougher today than 10 years ago?*

MR. STERN: It is much more sophisticated today. There are now a whole wide range of consultants, lawyers and strike breakers who have been battle-tested. I think the law, employers appreciate, has no remedial enforcement power so you can violate it somewhat without fear, and having learned that, it just only escalates people's willingness to do anything.

The Public View

WSJ: *How do you think most Americans view unions?*

MR. STERN: What we know is that most people believe now that their children will be worse off than they are. Seven out of 10 Americans are living paycheck to paycheck and do feel like an organization, an association, or even a union would be helpful in changing that situation. At the same time, unions have an image of being old, not effective, in some cases not looking like the new work force. So we have an image problem. I would say the only way to change your image is to change reality.

WSJ: *How do you convince a company that working with a union is good for its business, especially when so many companies are thriving by shedding union workers and offshoring jobs?*

MR. STERN: I would say there are two sets of issues. One is the 50 million jobs, in transportation, health care, retail, technology, that are going to remain in this country. And there I think unions need to appreciate there are ways in which we add value and there are ways that we make them less competitive. So we need to understand markets, we need to understand their competition, we need to appreciate where we can be helpful, like increasing financing, or leveling the playing field so competition is about entrepreneurial activity, about quality, about efficiency and not about who can pay the least.

We want to find a 21st century new model that may look more like a European model, that is less focused on individual grievances,



5 Tips From Andy Stern



TIP 3 Learn to disagree without being disagreeable.

TIP 4 Offer incentives that encourage others to take risks.

TIP 5 Keep an open mind rather than an open mouth, be willing to change, and keep focused on shared goals.

more focused on industry needs. But I think the employers are rather scared and unimaginative -- it's too much

about cost and bottom lines and not enough about people and human relations.

WSJ: *If you could gather the country's top CEOs in one room, what would you tell them?*

MR. STERN: I would tell them the employer-based health-care system is dead. It's a relic of the industrial economy, and it makes them unable to fairly compete when America is the only country who asks its employers to put the price of health care on the cost of its products. I would say that employer-based pensions have the same problems, and that we need to create a new way that American workers do in fact have retirement security where employers are expected to contribute. And three, I would say we need in each of our sectors to find ways where we can better do training, quality, and give workers an opportunity to be involved in a dialogue about the services that are provided.

WSJ: *What would you say to rank-and-file critics who say you're too quick to collaborate with management?*

MR. STERN: I think most critics come from outside the union, because I don't hear our members say that. People don't go to work to have a fight. They go to work to provide a service, to build a community, to take care of their family. I don't hear most people say I can't wait to go to work to have a fight with that boss.

The Wal-Mart Quest

WSJ: *Do you think unions will ever be able to organize Wal-Mart in the U.S.?*

MR. STERN: The group SEIU's part of, Wal-Mart Watch, has not been trying to organize them but change their business model. And it's clear we have their attention. I don't think a traditional organizing drive is going to be successful because the laws, as I said, are so tilted on behalf of a company as big as Wal-Mart, and they probably are at the top of the line in terms of having an emergency-response team that flies out of Bentonville at the moment the word "union" is used in a store. At the same time, I think Wal-Mart has the opportunity to create an entirely new American model of worker representation. The question is do they want partners or do they want to be held accountable in a much more public fashion?

WSJ: *You now face a Congress expected to be much more in sync with union viewpoints. What is the No. 1 issue unions want to see acted on by the new Congress?*

MR. STERN: We think it's time for a new health-care system for every American. I think we're going to see some employer groups say this is the year to begin to create a call for action for health care. I don't think the Congress yet gets it, but I think by March they're going to see that this election in addition to Iraq had a lot to do with economic anxiety, and health-care costs are No. 1 on that list.

WSJ: *What have you and SEIU accomplished since leaving the AFL-CIO, and are you satisfied?*

MR. STERN: I'm never satisfied, because I think our union and the labor movement -- I'd say even a lot of our employers -- are really slow in making the change to a global economy, a very fast-paced 24/7 economy. We don't see our employers as enemies. We don't want to be attached to any single political party. Our attitude now is we need to build successful employers as part of that, you need to be involved and have a voice, and that everyone needs

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