

UPS AND TEAMSTER: SETTING A NEW BAR FOR NEGOTIATIONS AND CONFLICT RESOLUTION

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On July 25th, 2023, the International Brotherhood of Teamsters (“Teamster”) reached a tentative agreement with United Parcel Service (“UPS”), affecting more than 340,000 UPS workers.¹ A month later, on August 22nd, 86% of the union members voted in favor of ratifying the National Master Agreement.² The negotiated agreement not only prevented one of the largest strikes in U.S. history, but also raised the bar for all workers in the labor movement.³ This entire conflict demonstrates the importance of negotiations and dispute resolution because negotiation was able to help avoid a major strike and negotiate a favorable contract.

The previous UPS national contract was set to expire on August 1st, 2023.⁴ Hence, negotiations began in April and led up to June, before negotiations broke down.⁵ Prior to the breakdown of negotiations, Teamster demanded changes such as living-wages for part-time employees, more full-time positions, elimination of a two-tier system that disfavors new hires, ending of forced overtime, and more pay hikes to compensate for the hardship endured through the pandemic.⁶ On the other hand, UPS wanted a compromise and was prepared to increase pay

¹ Kara Deniz, “*We’ve Changed the Game*”: *Teamsters Win Historic UPS Contract*, INT’L BHD. TEAMSTERS (July 25, 2023), <https://teamster.org/2023/07/weve-changed-the-game-teamsters-win-historic-ups-contract/> [<https://perma.cc/CPJ7-L6K4>].

² The Associated Press, *UPS Workers Approve 5-year Contract, Capping Contentious Negotiations*, NPR (Aug. 23, 2023, 1:19 AM), <https://www.npr.org/2023/08/23/1195383661/ups-workers-approve-5-year-contract-capping-contentious-negotiations> [<https://perma.cc/SAR3-38FV>].

³ Danielle Kaye, *UPS Union Negotiated a Historic Contract. Now Workers Have the Final Say*, NPR (Aug. 11, 2023, 11:23 AM), <https://www.npr.org/2023/08/11/1193448000/ups-union-negotiated-a-historic-contract-now-workers-have-the-final-say> [<https://perma.cc/FFA4-GVBG>].

⁴ Noam Scheiber, *UPS Employees Approve New Contract, Averting Strike*, N.Y. TIMES (Aug. 22, 2023), <https://www.nytimes.com/2023/08/22/business/economy/ups-contract-vote-teamsters.html> [<https://perma.cc/YAD7-YL5U>].

⁵ *Id.*

⁶ E. Tammy Kim, *How UPS and the Teamsters Staved off a Strike-For Now*, NEW YORKER (July 27, 2023), <https://www.newyorker.com/news/daily-comment/how-ups-and-the-teamsters-staved-off-a-strike-for-now> [<https://perma.cc/8657-6JNC>].

and benefits, but not at the expense of its ability to compete in the long term.⁷ Although much of the issues were resolved, negotiations broke down due to lack of improvements in pay for part-time workers.⁸

Due to breakdowns in negotiations, a strike was imminent and a strike of 340,000 UPS workers would have been the largest strike in U.S. history.⁹ If the strike had happened it would have cost UPS more than \$800,000,000 and would have resulted in a \$1,100,000,000 in lost wages.¹⁰ The strike also would've been devastating to the U.S. economy due to UPS handling one out of every four packages in the U.S. which is the equivalent of 6% of the country's GDP.¹¹ That amount was not something competitors such as Fedex and U.S. Postal Service can take on.¹² Fortunately, the strike was averted as the negotiation resumed. Teamster was ultimately able to raise the wages of UPS workers, create more full-time positions, and secure important workplace protections.¹³

Teamster and UPS's agreement demonstrates the importance of negotiations in conflict resolution. From preventing an enormous strike to improving the lives of workers and their families, effective negotiations are shown to be crucial in resolving conflicts. Especially when it comes to labor contract negotiations, there are rarely clear cut or mutually agreed upon notions

⁷ Noam Scheiber, *UPS Contract Talks Go Down to the Wire as a Possible Strike Looms*, N.Y. TIMES (July 22, 2023), <https://www.nytimes.com/2023/07/22/business/economy/ups-teamsters-strike.html> [<https://perma.cc/9X7V-QMPZ>].

⁸ Scheiber, *supra* note 4.

⁹ Danielle Kaye, *How a UPS Strike Could Disrupt Deliveries and Roil the Package Delivery Business*, NPR (July 12, 2023, 5:00 AM), <https://www.npr.org/2023/07/12/1186984345/ups-strike-shipping-package-delivery> [<https://perma.cc/8837-W595>].

¹⁰ Chris Isidore, *A 10-day UPS Strike Could be the Costliest in US History*, CNN, (July 14, 2023, 12:50 PM), <https://www.cnn.com/2023/07/14/economy/ups-strike-economic-impact/index.html> [<https://perma.cc/3XF8-7L2U>].

¹¹ Kim, *supra* note 6.

¹² Chris Isidore, *A Massive UPS Strike Could Devastate the Economy, It Could be Just Eight Weeks Away*, CNN, (June 12, 2023, 11:32 AM), <https://www.cnn.com/2023/06/12/business/teamsters-ups-strike-possibility/index.html> [<https://perma.cc/9FXV-YCHP>].

¹³ *UPS Teamsters Contract Takes Effect as Final Supplement Ratified*, INT'L BHD. TEAMSTERS (Aug. 25, 2023), <https://teamster.org/2023/08/ups-teamsters-contract-takes-effect-as-final-supplement-ratified/> [<https://perma.cc/S8S9-V2CT>].

of fair salary and benefits package.¹⁴ Negotiation was especially important here because in addition to the National Master Agreement, there were more than 40 supplement agreements to be agreed upon.¹⁵ These supplement agreements requires both sides to take into account local factors and also the pent up frustration from what happened during the pandemic.¹⁶ It was evidently crucial that effective negotiations took place to help both sides obtain their goals and ultimately prevent a major strike.

The main advantage of negotiation is that parties are allowed to control the process and solution in a flexible manner.¹⁷ The process of negotiations is not without its flaws. As demonstrated by Teamster and UPS, negotiations can easily break down with parties blaming each other for walking away from table.¹⁸ But what is significant is that negotiations allow parties to come back to the table. As mentioned, negotiations are very flexible and it's evident that parties can control the process of dispute resolutions, as it's up to the parties to decide when and how to come back to the table. Thus, an ideal negotiation solution is one that benefits everyone.¹⁹ Which is the case here, as Teamster and UPS reached a historical solution that significantly benefitted the workers without jeopardizing UPS's ability to compete in the industry.

¹⁴ *Contract Negotiation*, HARV. L. SCH., <https://www.pon.harvard.edu/tag/contract-negotiation/> [https://perma.cc/3TSR-BQE2] (last visited Oct. 29, 2023).

¹⁵ *The Bargaining Process*, UPS, <https://about.ups.com/us/en/newsroom/negotiations/negotiations-basics/the-bargaining-process.html> [https://perma.cc/9XR9-UQCB] (last visited Oct. 29, 2023).

¹⁶ Isidore, *supra* note 12.

¹⁷ *Alternative Dispute Resolution*, CORNELL L. SCH., https://www.law.cornell.edu/wex/alternative_dispute_resolution#:~:text=Negotiation%20allows%20the%20parties%20to,for%20a%20lot%20of%20flexibility [https://perma.cc/GK68-ATCE] (last visited Oct. 29, 2023).

¹⁸ Matt Ott, *Stalemate: UPS, Teamsters Contract Talks Break Down With Each Side Blaming Each Other*, ASSOCIATED PRESS, (July 5, 2023, 10:00 AM), <https://apnews.com/article/ups-strike-labor-contract-teamsters-3438edf86cb006a1685e29822399a4d9> [https://perma.cc/QT6Y-TBGQ].

¹⁹ Linda Gallagher, *ADR: Negotiation and Facilitation*, MRSC (Sept. 14, 2020), <https://mrsc.org/stay-informed/mrsc-insight/september-2020/adr-negotiation-and-facilitation> [https://perma.cc/MQ9E-NQEP].

Other alternative dispute resolution strategies, such as mediation, can also be explored going forward for labor contract negotiations. Mediation is often a means for resolving labor management and international disputes, but it can also be used to settle conflict issues.²⁰ Mediation revolves around a neutral third party allowing parties to discuss and explore a variety of solutions.²¹ For instance, a mediator would be able to weigh the demands set forth by Teamster and the interests of UPS as they determine to ratify the National Master Agreement and supplements. But it's still important to acknowledge the achievement that Teamster and UPS obtained through effective negotiations as they avoided the biggest strikes in U.S. history and improved the lives of many UPS workers and their families.

²⁰ *What is Mediation?*, OFF. CIV. RTS., <https://www.commerce.gov/cr/reports-and-resources/eo-mediation-guide/what-mediation> [<https://perma.cc/MBA8-QLNP>] (last visited Oct. 29, 2023).

²¹ *Id.*