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Labor's Best Hope

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By David Whitford

John Wilhelm knows that soon he'll be playing hardball with hotel owners from Philadelphia to Las Vegas to Honolulu. Contracts with thousands of unionized hotel workers in those and other cities are set to expire in the coming months, and as the man who represents cooks, bellhops, and maids, Wilhelm will be under pressure to make painful concessions. After all, the hotel industry has been devastated by the falloff in travel since Sept. 11.

But for the moment Wilhelm is the hoteliers' friend. On a late-September afternoon, while driving to a union meeting in New Haven, Wilhelm is placing calls to a trio of industry chieftains--Bill Marriott, Barry Sternlicht at Starwood, and Jonathan Tisch at Loews. They're finalizing plans for an upcoming field trip to Capitol Hill, where together they'll lobby for tax incentives that Wilhelm hopes will "help the companies get through this."

Wilhelm is lining up with the industry in order to save jobs for members of his organization, the Hotel Employees and Restaurant Employees (HERE) union. The situation is dire. An astonishing 40% of his 275,000 members in North America have been laid off since the attacks, he says; another 20% are working short weeks. He figures that the same ratio applies, more or less, to the much larger non-union work force. Under the circumstances, Wilhelm is happy to hold hands even with a longtime foe like Bill Marriott, whose work force is 93% non-union. Whatever it takes to jump-start the industry.

But Wilhelm's support is not unconditional. He saw what happened to the airline workers, who were left out of the federal government's \$15 billion emergency bailout of the airline industry. So he has made it clear to the hotel owners that he expects reciprocal support on key issues of his own, like federal payments to extend health-care coverage for those who've lost their jobs.

It's a classic Wilhelm maneuver--part of a broader m.o. he describes as "walking down both sides of the street at once." That sounds impossible, but how else to explain the praise Wilhelm garners from all corners of the political and ideological landscape? "I made a friend for life that has changed who I am," says Kay Coles James, Bush's director of the U.S. Office of Personnel Management, who served with Wilhelm on a government commission. "The most talented labor leader in America," says Bruce Raynor, president of the Union of Needletrades, Industrial, and Textile Employees (UNITE). "An uncommonly fine dude," says Las Vegas hotelier Steve Wynne.

This uncommon man--a square-built 56-year-old with a loose-skinned face and a fondness for dark suits--looks the part of an old-line union leader. He's anything but. Unlike most union

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bosses, Wilhelm is committed first and foremost to bringing new members into his union. And unlike most unions, his is actually growing. After decades of slow, steady decline, HERE's total membership stood at 238,000 in 1996. Since then, it's risen 15%.

The threat of extinction--not the aftershocks of Sept. 11 or the near-term outlook for recession--is Big Labor's real crisis. In case you quit paying attention, union membership as a percentage of the overall work force has been falling steadily for years. In absolute terms, the peak was 21 million members in 1979; last year it was 16 million. Just 13.5% of the work force is now enrolled in unions, down from 35% in the '50s. In the critical private sector, less than 10% of employees are unionized, which is practically invisible. Yet despite all this news, which seems positively life-threatening, most union leaders are more concerned with tending to the needs of their own dwindling membership than in expanding labor's market share.

Not Wilhelm. At a closed-door meeting of the AFL-CIO executive council this past February, he made a radical (and unheeded) proposal to President John Sweeney regarding the federation's \$105 million budget. "I said I think we ought to spend money on organizing and on politics and on nothing else," says Wilhelm. To underscore his point, Wilhelm cited the grave need in his own industry for work on health and safety issues. "As a union, we don't do a whole lot about that," says Wilhelm, "and I am mortified and embarrassed and horrified by that fact. It's terrible. But if we're dead and gone as an organization, we're not going to be able to do anything for anybody's health and safety or anything else."

There's some irony in all this. Sweeney himself was elected president in 1995 after pledging to commit 30% of the federation's resources to organizing. A spokesman for the AFL-CIO says that goal will be met "by the end of the year." Critics insist that the real number is far less--as little as 10%. In any case, the list of major unions that everyone agrees commit 30% or more to organizing is not long. It includes HERE, UNITE, the service employees, the steelworkers, and the carpenters, which pulled out of the AFL-CIO in March, citing Sweeney's retreat on organizing.

Sweeney may not be entirely to blame. "Heading up the federation is like being the king of England in 1200," says one union insider. "The barons all have more power than the king." Still, there was talk last summer in union circles that maybe it was time for Sweeney to go and for Wilhelm to replace him. That's not going to happen, at least not right away. Sweeney is up for reelection to a four-year term at Big Labor's biennial convention in Las Vegas in December, and as Wilhelm told FORTUNE, "I'm happy to support him."