# Making the World Time: FedEx, Workers, and the History of Logistics in the United States since 1971

by

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A dissertation accepted and approved in partial fulfillment of the

requirements for the degree of

Doctor of Philosophy

in History

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Spring 2026

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# DISSERTATION ABSTRACT

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Doctor of Philosophy in History

Title: Making the World on Time: FedEx, Workers, and the History of Logistics in the United States since 1971

This dissertation critically examines how the express shipping service grew alongside the dismantling of workers' independent representation and the expansion of economic inequality in America, focusing on the history of Federal Express since 1971. Specifically, it underscores how the company emphasized its cultural and social progressiveness based on the concept of speed. Whether through lobbying for economic deregulation, consumer advertising, or job postings, it defined economically unproductive time as wasteful and something to be minimized, portraying its service and labor as an optimizing force in how people use their time. However, the actual operation of its flexible shipping service always depended on workers, including young students and those facing economic hardship, who worked irregular hours outside the traditional post-war full-time employment model. As inequality widens, more workers become available to FedEx for the overnight job, strengthening the corporate squeeze for flexibility. The exclusion of labor unions, which could have slowed or altered this trend, has been critical to maintaining and reinforcing the divide between the profit-driven flexibility the employer seeks and the personal flexibility workers lose. The experience of speed promoted by FedEx has shaped the lives of businesspeople, consumers, and workers in unequal ways, accelerating the American economic divide over the past fifty years.

This dissertation emphasizes that as the company's expansion deepened its reliance on low-wage workers with irregular shifts, its antiunionism intensified and became more

sophisticated over time. This dissertation characterizes the company's slogan, People-Service-Profit, as a manifestation of "progressive antiunionism," as the inclusive word "people" helped bring diverse workers, such as women and African Americans, into the corporate community during the 1980s. With this strategy, management was able to translate the demands of the civil rights and feminist movements into the corporate setting while attaching an antiunion assumption to them. The series of failures of union organizing demonstrates its success, which allowed the company to recruit workers who are difficult to unionize under current labor law in the 2000s. FedEx's express service, which promised more productive use of time, evolved by maximizing the time and labor of nonunionized, economically struggling workers for corporate gain.

ACKNOWLEDGMENTS

Just as delivering a package requires the labor of various people in various locations, it takes the support of many people across the globe for a student from Tokyo with little knowledge of US labor to complete this dissertation. I wish to express sincere appreciation to my advisor, Bob Bussel, for his mentorship since 2017. It took me many years to start feeling comfortable in American academia, but he always patiently listened, waited for my growth, provided kind yet constructive feedback, and guided me throughout the research journey. I would also like to thank my dissertation committee members, Dr. Steven Beda, Julie Weise, and Jill Harrison, for their support and feedback on my dissertation.

Many scholars gave valuable feedback on this project at conferences, workshops, and via email along the way. I would like to thank Professors Lane Windham, Annelise Orleck, Marc Levinson, Joseph McCartin, and Andrew Popp for their extensive comments on this project. Part of this dissertation has been translated into Japanese and published in the *Japanese Journal of American Economic History,* parts of Chapter 4 will appear in the *Tennessee Historical Quarterly,* and Chapter 6 will appear in the *Modern American History.* I am grateful to their anonymous reviewers for their feedback. In addition, I wish to express my appreciation to the organizers and participants of the Flex or Tenure Workshop at the International Institute of Social History in Amsterdam.

This dissertation was supported by numerous grants, fellowships, and scholarships. I am grateful to the Japan Student Services Organization, the Oregon Humanities Center, the Wayne Morse Center for Law and Politics, Hagley Library, and the Department of History at the University of Oregon for providing me with funding support.

I am indebted to the archivists, librarians, and researchers at many institutions, including

Vakil Smallen at George Washington University, Jim Cushing at the University of Memphis, Dr. Ken Reardon, and Dr. Marcela Mendoza, both formerly at the University of Memphis. I am thankful to Keri Aronson for sharing her experience as a Roadway manager with me.

I would like to express my gratitude to the Department of History at the University of Oregon and the Division of Graduate Studies for supporting me as a graduate student. Director of Diversity and Inclusion, tia north, who supervised me in my administrative role, is dedicated to ensuring that students from diverse backgrounds can pursue graduate degrees in a supportive environment. I wish to thank my friends and colleagues at the University of Oregon for their support and encouragement along the way. A special mention goes to Aziza, Olivia, and Patience.

I want to thank my family and friends outside academia for their lifelong support. Dinner-table conversations with Eloise Bates and Mingyue Jiang introduced me, as a teenager, to the complexities of the world. Kaho Kamohara reminds me that feminist unionists are still fighting in Japan, refuting the myth of Japanese enterprise unionism. My brother Kiyotaka, who very recently got married, has always been my best friend. My mother, who went to college for the first time while working full-time as a nurse and raising us, showed me the preciousness of educational opportunity. I learned how the world keeps running while I sleep by seeing her leave for work at 11 PM.

Since I flew across the Pacific for the first time at 15, my trip always ended with my father waiting for me in the arrival lobby at Narita Airport. During the long drive on Tokyo's Metropolitan Expressway from the airport, we shared the dazzling night views of the city where he spent his entire life. He will no longer be there to pick me up, but I’m eternally grateful to him for always taking me home.

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# CHAPTER 1

## FAST PACED WORLD

In late 1981, Federal Express aired an iconic TV spot, "Fast Paced World," to promote its overnight shipping service among American businesspeople.[1] Featuring John Moschitta, an actor known for delivering 534 words in 58 seconds, the ad opens with him speaking incredibly fast on the phone in a corporate office. "Okay, Eunice, travel plans. I need to be in New York on Wednesday, L.A. on Thursday, New York on Friday. Got it?" During the rapid speech, only his mouth moves. Even his eyes stay completely still, looking at the same spot in the air as if he cannot waste any time moving his pupils. He then immediately hangs up, turns to a man sitting in front of him, and asks, "So you want to work here. Well, what makes you think you deserve a job here?" at the same high speed. The job seeker responds equally fast, followed by the manager saying, "Excellent, can you start Monday?" and extending his arm in a robotic motion without changing his facial expression at all. The scene shifts to a conference room, where the manager hastily concludes a meeting with a group of businessmen, saying, "Business business, let's get to work. Thank you for taking this meeting." In the next scene, the manager is having wine with an employee at an elegant restaurant, rapidly complimenting him, "Peter, you did a bang-up job, I'm putting you in charge of Pittsburgh." The manager then returns to his office and makes another phone call, saying, "Congratulations on your deal in Denver, David," again, without any pause between words. As he aggressively presses the phone buttons to place the next call, narration begins. "In this fast-moving, high-pressure, get-it-done-yesterday world, aren't you glad there's one company that can keep up with it all?" The ad ends with the company's airplane

[1] I refer to the company as "Federal Express" when describing its operations in the 1970s and 1980s before its official name change in the 1990s. For discussions about the company's history post-1990s and overall, I use the more commonly known name, "FedEx."

parked behind a delivery van. A caption finally appears on the screen. “Federal Express. When it absolutely, positively has to be there overnight.”[2]

Created by Ally & Gargano, Inc., a New York advertising agency, the rapid-fire commercial humorously depicted a high-speed business environment in which workers had no time to even breathe or change facial expressions. It was perhaps the most iconic spot in the series of commercials that Ally & Gargano produced for Federal Express to advertise its fast service, earning several Clio Awards, the advertising industry’s equivalent of an Oscar. The message was clear: Federal Express sold speed. By reducing wait times for documents and packages, the company highlighted that it helped optimize business operations. An ad for its COURIER PAK, an overnight document delivery service, captured this idea in 1977 with the line, “When you buy a Federal Express COURIER PAK, you buy yourself some time.”[3] In a fast-paced world, waiting wastes time, slows down projects, and reduces productivity. Time is so valuable that it is worth paying for. When German author Michael Ende published his bestselling fantasy *Momo* in 1973, he perhaps captured the rise of an economy where time had monetary value by showing how the antagonists encouraged people to deposit their time in the “Timesavings Bank” to have it returned later with interest. Just like the bank representatives promoted the idea of time-saving in the fable, Federal Express sought to instill and reinforce a dislike of economically unproductive time among Americans. Another ad from 1980 claimed in all bold text spread out across a single page of *Fortune*, “WAITING IS FRUSTRATING,

[2] Ally & Gargano, Inc., storyboard of “fast paced world”, approved on July 14, 1981, box 26, series 4, Federal Express Advertising History Collection, Archives Center, National Museum of American History, Washington, D.C. The VHS is also available there; Ben Walker, “Quick Quip: Actor Talks His Way into Federal Express Commercials,” *Daily News,* March 1, 1983.

[3] Federal Express, “When You’d Give a Million to Get Something Somewhere Overnight, We’ll Do it for $12.50.” This ad was posted on newspapers including *Press-Telegram*, March 16, 1977.

DEMORALIZING, AGONIZING, AGGRAVATING, ANNOYING, TIME CONSUMING, AND INCREDIBLY EXPENSIVE. IT'S ALSO UNNECESSARY."[4] With its express shipping service, Federal Express promised a temporal experience of speed to boost productivity, streamline operations, and enhance people's use of time.

Time has been at the center of the workers' movement ever since Karl Marx emphasized the importance of free time for individuals to develop outside capitalist control. In recent discussions of post-capitalism, scholars explore the theme of the end of work, where work – both wage labor and the work of social reproduction – is minimized, and people are able to "meaningfully ask the question, 'what should we do with our time?'"[5] Technological advances have made production and service operations efficient, supposedly giving people more free time. However, today's economy often leaves many in positions where they need to work even during time freed by technology, as seen with Uber drivers and Etsy sellers earning a small income from work done in their spare time. The history of Federal Express provides insight into this conundrum, since the company achieved high-speed service by relying on the post-1970s American economy, in which economically marginalized people without union protections need to work as much as possible, regardless of how short or irregular their shifts are. While the company sold time as its primary product to support emerging high-tech industries and expanding white-collar workforces, its frontline operations depended on the precarious nighttime labor of economically struggling populations who needed jobs to supplement their income in a deindustrializing economy. It is an economy that companies like Federal Express worked hard to

[4] Federal Express, "Why Wait When You Don't Have To?," *Fortune,* July 28, 1980, 10.

[5] Helen Hester and Nick Srnicek, *After Work: A History of the Home and the Fight for Free Time* (Verso, 2023), 152.

create and maintain through their lobbying effort for deregulation and their everlasting fight against workers' independent activism. The service that promised to eliminate people's unproductive spare time grew by relying on the labor of those at the lower end of the widening economic divide, who worked whenever possible. Thus, the development of express shipping since the 1970s reinforced the economic structure of a capitalist society characterized by inequality.

Founded by Frederick W. Smith, a former U.S. Marine, in Memphis, Tennessee, Federal Express began overnight shipping operations in 1973. This dissertation examines the role that businesses, especially in service and high-tech industries, played in replacing efforts to preserve and expand the postwar welfare state with a new regime of political economy by ending economic regulation, embedding antiunionism in ideas originated from progressive social movements, and expanding nonunion labor. Specifically, it underscores how the company used the concept of speed to establish a "progressive" outlook across various contexts. Whether through lobbying for economic deregulation, consumer advertising, or job postings, it defined economically unproductive time as wasteful and something to be minimized, portraying its service and labor as an optimizing force in how people use their time. However, the actual operation of its flexible shipping service always depended on workers, including young students and those facing economic hardship, working irregular hours outside the traditional full-time employment model. Economic struggles and inflexible daytime schedules pushed these workers to work overnight, allowing management to optimize operations according to market demand. As inequality widens, more workers become available to FedEx for the overnight job, strengthening the corporate squeeze for flexibility. The exclusion of labor unions, which could have slowed or altered this trend, has been critical to maintaining and reinforcing the divide between the profit-

driven flexibility the employer seeks and the personal flexibility workers lose. The experience of speed promoted by FedEx has shaped the lives of businesspeople and workers in unequal ways, accelerating the American economic divide over the past fifty years.

This dissertation particularly emphasizes that, as the company's expansion deepened its reliance on low-wage workers with irregular shifts, its antiunionism intensified and became more sophisticated over time. Its corporate annual reports continuously stress that the company recognizes the sustained absence of unions as paramount to achieving fast, flexible shipping and competing in the heavily unionized transportation industry.[6] As a specific antiunion strategy, this dissertation focuses on its personnel management programs as a version of American businesses' paternalistic welfare capitalism. This dissertation characterizes the company's slogan, People-Service-Profit, as a manifestation of "progressive antiunionism," as the inclusive word "people" helped bring diverse workers, such as women and African Americans, into the corporate community during the 1980s. With this strategy, management was able to translate the demands of the civil rights and feminist movements into the corporate setting while attaching an antiunion assumption to them. By emphasizing the pace of corporate growth and work environment, Federal Express formed a workplace culture with an individualistic flavor, centered on "progressive" people who welcomed challenges in a fast-paced environment. The series of failures of union organizing in the 1970s and 1990s demonstrates the success of both the company's paternalistic management and more blatant unionbusting tactics. In the 2000s, the company expanded its use of temporal appeal to recruit workers who are difficult to unionize

[6] For example, it says in the 2014 annual report, "If we are unable to continue to maintain good relationships with our employees and prevent labor organizations from organizing groups of our employees, our operating costs could significantly increase and our operational flexibility could be significantly reduced." FedEx Corporation, *Annual Report,* 2014.

under current labor law, by reframing the instability of irregular employment arrangements as a positive temporal experience of working flexibly during otherwise economically unproductive time. As economic inequality increases, the pool of workers willing to accept irregular hours in physically demanding, unsafe conditions for wages has expanded beyond young students. FedEx's express service, which promised more productive use of time, evolved by maximizing the time and labor of nonunionized, economically struggling workers for corporate gain. This dissertation concludes that FedEx has led the express delivery market since the 1970s and has standardized fast, reliable shipping by optimizing labor arrangements, conditions, and hours without restrictions of unions' collective bargaining.

This dissertation contributes to both labor and business history by weaving them together into a single narrative. Recently, scholars who study the so-called "new history of capitalism" have paved the way for such inclusive approaches. However, their scholarship on the twentieth century tends to focus more on economic ideas and institutions and the people who create them, such as economists, businesspeople, consumers, and the state, offering few analyses of the experience of workers in the changing capitalist world.[7] The decline of labor unions in the United States since the 1970s is responsible for this lack of focus on labor. Nonetheless, scholars should include workers more substantially in their analysis; unionized or not, they are the backbone of the economy. To bridge the gap between business and labor history, I

[7] For the historiographical discussion on the history of capitalism, see Sven Beckert, Augus Burgin, Peter James Hudson, Louis Hyman, Naomi Lamoreaux, Scott Marler, Stephen Mihm, Julia Ott, Philip Scranton, and Elizabeth Tandy Shermer, "Interchange: The History of Capitalism," *Journal of American History* 101 no.2 (2014): 503-536; Sven Beckert, "History of Capitalism," in *American History Now*, ed. Eric Foner and Lisa McGirr, (Temple University Press, 2011), 314–335; Jeffrey Sklansky, "The Elusive Sovereign: New Intellectual and Social Histories of Capitalism," *Modern Intellectual History* 9 (2012): 233-48; Sklansky, "Labor, Money, and the Financial Turn in the History of Capitalism," *Labor: Studies in Working-Class History of the Americas* 11 (2014): 23-46; Lindsay Schakenbach Regele, "A Brief History of the History of Capitalism, and a New American Variety," *Enterprise and Society* 25, no. 1 (2024): 2–26.

comprehensively analyze the histories of workers, managers, and executives and their changing relationships at FedEx. Some chapters present the business's social and cultural history by offering biographies of its executives and managers, while others discuss the organizing efforts of its frontline workers who questioned the management policies implemented by the executives.

This dissertation is still a labor history, but it does not seek to identify working-class solidarity in the workplace or the community. Rather, it explains the causes of rising inequality in the U.S. by focusing on economic relations in which companies dominate working conditions, mindsets, and schedules, various people work as much as possible to survive on a daily basis, and unions play limited roles in improving conditions.[8] This dissertation follows the footsteps of historians who have extensively studied the challenges faced by American labor unions over the past fifty years, as shown by lower membership, lower success rates in winning representation elections, and weakened bargaining power. Scholars such as Jefferson Cowie, Judith Stein, and Lane Windham have identified the 1970s as a "pivotal decade" marked by cultural, political, social, and economic changes that ended the era of postwar economic prosperity, during which American unions experienced steady growth. While some historians, notably Cowie, attribute this decline to the conservatism of working-class white men, others highlight that, energized by the civil rights and feminist movements, African Americans and women entered workplaces previously occupied by white male workers and actively participated in the labor movement.[9]

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[8] Here, I benefit from the approach suggested in Seth Rockman. "Class and the History of Working People in the Early Republic," *Journal of the Early Republic* 25, no. 4 (2005): 527-535.

[9] On the class consciousness of working-class white, see Thomas Edsall and Mary Edsall, *Chain Reaction: The Impact of Race, Rights, and Taxes on American Politics* (W. W. Norton, 1991); Lisa McGirr, *Suburban Warriors: The Origins of the New American Right* (Princeton University Press, 2001); Joshua Freeman, *Working-Class New York: Life and Labor Since World War II* (The New Press, 2001), 237-40; Jefferson Cowie, *Stayin' Alive: The 1970s and the Last Days of the Working-Class* (The New Press, 2010); On the relationship between the Civil Rights Movement and the labor movement, see Robert H. Zieger, *American Workers, American Unions: The Twentieth Century*, 2nd ed. (Johns Hopkins University Press, 1994), 176; Bruce Nelson, *Divided We Stand: American Workers and the Struggle for Black Equality,* (Princeton University Press, 2001), xxv, 201, 206; Nelson Lichtenstein,

However, the diversifying and revitalized union movement confronted more resistance than before as the political and economic landscapes rapidly evolved. In response to international competition and declining productivity, American businesses automated production, downsized their workforces, increased reliance on temporary labor, outsourced jobs, and relocated manufacturing facilities to areas with lower union densities, including overseas.[10] Unable to address trade competition, rising inflation, unemployment, and the budget deficit, the political leaders of the mid-to-late 1970s failed to restore postwar prosperity.[11] Ronald Reagan's dismissal of striking air traffic controllers in 1981 legitimized strikebreaking and solidified employers' resistance against unions.[12]

However, as Lane Windham emphasizes, globalization did not automatically determine the tragic fate of unions; instead, state policies and employers' choices shape how globalization influenced workers' lives. Businesses chose to weaken unions and cut labor costs to succeed in

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*State of the Union: A Century of American Labor,* revised and expanded ed. (Princeton University Press, 2013), 185-207. On the labor movement of women and people of color, see Nancy F. Gabin, *Feminism in the Labor Movement: Women and the United Auto Workers, 1935-1975* (Cornel University Press, 1990); Dennis Deslippe, *"Rights, Not Roses,": Unions and the Rise of Working-Class Feminism, 1945-1980* (University of Illinois Press, 2003); Dorothy Sue Cobble, *The Other Women's Movement: Workplace Justice and Social Rights in Modern America* (Princeton University Press, 2003); Nancy MacLean, *Freedom is not Enough: The Opening of the American Workplace* (Harvard University Press, 2006), 5, 39; Aaron Brenner, Robert Brenner and Cal Winslow ed., *Rebel Rank and File: Labor Militancy and Revolt from Below During the Long 1970s* (Verso, 2010); Lane Windham, *Knocking on Labor's Door: Union Organizing in the 1970s and the Roots of a New Economic Divide* (University of North Carolina Press, 2017); Trish Kahle, "'A Woman's Place Is in the UMWA': Women Miners and the Struggle for a Democratic Union in Western Pennsylvania, 1973–1979," *Labor: Studies in Working-Class History of the Americas* 13, no. 1 (2016): 44-45.

[10] Barry Bluestone and Bennett Harrison, *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry* (Basic Books, 1982); Kim Moody, *An Injury to All: The Decline of American Unionism* (Verso, 1988), 221; Judith Stein, *Running Steel, Running America: Race, Economic Policy, and the Decline of Liberalism* (University of North Carolina Press, 1998), 169, 194-5; Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (The New Press, 2001); Kahle, "A Woman's Place is in the UMWA," 60.

[11] Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (Yale University Press, 2010), xii.

[12] Joseph A. McCartin, *Collision Course: Ronald Reagan, the Air Traffic Controllers, and the Strike that Changed America* (Oxford University Press, 2013), 341-44.

global competition.[13] While American companies never missed an opportunity to resist unions throughout the twentieth century, the level of their antiunionism in the 1970s and later exceeded that of the mid-twentieth century.[14] Their tactics varied. Many firms, both unionized and non-unionized, adopted a management principle based on human relations theory to increase employee satisfaction. The use of antiunion consultants has increased dramatically since the 1970s, with these experts advising companies on how to "avoid" unions by making them "unnecessary," how to suppress an organizing drive once it begins, and how to comply with the latest Equal Employment Opportunity regulations.[15] National politics was another important arena in this battle, and businesspeople organized to block efforts aimed at reforming U.S. labor law and making union organizing easier.[16] They also fought for the interpretation of labor law by ensuring their dominance in defining an 'employee' covered by the National Labor Relations Act, thereby narrowing the scope of industrial democracy.[17] Such a limitation on the right to organize amplified the devastating impact of the recent growth of contingent labor, including temp jobs, internships, and independent contracting, in which people were often denied sufficient union protection.[18]

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[13] Windham, *Knocking on Labor's Door*, 126, 150.

[14] Elizabeth Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-60* (University of Illinois Press, 1994); Kim Phillips-Fein, *Invisible Hands: The Businessmen's Crusade Against the New Deal* (W. W. Norton, 2010); Benjamin Waterhouse, *Lobbying America: The Politics of Business from Nixon to NAFTA* (Princeton University Press, 2013); Windham, *Knocking on Labor's Door*, 58-61.

[15] John Logan, "The Union Avoidance Industry in the United States," *British Journal of Industrial Relations* 44, no.4 (2006): 651–75; Windham, *Knocking on Labor's Door,* 70-71.

[16] Stein, *Pivotal Decade,* 180-90. John Logan, "'All Deals Are Off': The Dunlop Commission and Employer Opposition to Labor Law Reform," in *The Right and Labor in America*, ed. Nelson Lichtenstein, (University of Pennsylvania Press, 2016), 277-9; Nelson Lichtenstein and Judith Stein, *A Fabulous Failure: The Clinton Presidency and the Transformation of American Capitalism* (Princeton University Press, 2023), 241-5.

[17] Jean-Christian Vinel, *The Employee: A Political History* (Johns Hopkins University Press, 2013), 2-6.

[18] David Weil, *The Fissured Workplace: Why Work Became So Bad for So Many and What Can Be Done to Improve*

Building on this literature, this dissertation demonstrates that FedEx management's attempt to counter unions developed by continually engaging in conversations with workers' demands, resistance, and acceptance. The scope of FedEx's antiunionism was comprehensive. From relationship-based management to the U.S. labor law framework, it selectively used different methods across situations to most effectively counter unions in various social, economic, and legal contexts. Workers, on the other hand, often detected deficiencies in the system and attempted to unionize, while also using the management-led system to maintain their satisfactory working conditions. In fact, as Sanford Jacoby and Jonathan Rees' analysis suggests, American workers historically sometimes appreciated, preferred, and actively participated in paternalistic, employer-dominated programs to improve their working conditions.[19] Similarly, FedEx workers viewed the employer's paternalism as a useful way to have their voices heard and actively engaged with it. Their loyalty to the employer was not a sign of class-based submission but a manifestation of their agency in seeking to sustain their employment status, feed their families, and live a good life, especially in an era when middle-class status seemed increasingly unstable. This highlights the historical conundrum of unions' role in American capitalism, as many FedEx workers believed that not all workplaces or workers need a union. They did not always see unions as a useful tool in their economic struggle.

This dissertation also demonstrates that FedEx management maximized the speed and efficiency of the shipping service by capitalizing on the availability of workers without stable,

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*It* (Harvard University Press, 2017); Louis Hyman, *Temp: How American Work, American Business, and the American Dream Became Temporary* (Viking, 2018).

[19] Jonathan H. Rees, *Representation and Rebellion: The Rockefeller Plan at the Colorado Fuel and Iron Company, 1914-1942* (University Press of Colorado, 2010), 3-6; Sanford Jacoby, *Modern Manors: Welfare Capitalism since New Deal* (Princeton University Press, 1997).

full-time, permanent employment. By ensuring frontline workers remained under management control without union contracts, FedEx responded flexibly to the changing demands of the global market. The lack of rigid work rules, usually set through unions' collective bargaining, allowed the company to adjust the number of workers it employed and the hours they worked to maximize profitability. In earlier years, FedEx mainly hired young college students for the nighttime shift at the hub because their schedules were easier to control than those who expected long-term full-time employment. The defeat of unions' organizing drives intensified the unequal relationship among workers and businesses over the experience of time, as FedEx started to reduce the reach of its employee programs by contracting out positions to temp agencies. Over the years, the pattern has persisted and escalated; the availability of workers without sufficient labor protections has supported the growth of the company's futuristic express service as its backbone. While FedEx promoted itself as a progressive company that presented a speed-centered new world, its operations relied on the old power structures of a capitalist society.

This dissertation traces the development of various aspects of FedEx over the past fifty years. Chapter 2 examines the early days of the express delivery industry and the company's origins by looking at the biography of founder Fred Smith and the regional history of Memphis. There was a rising demand for speed and flexibility from the increasingly dominant service and high-tech industries, as well as the U.S. military in the 1970s, and FedEx responded to this demand. Chapter 3 discusses Federal Express's corporate culture during its formative years and the significance of the Vietnam War in its development. Many early managers and employees were white male veterans, and they envisioned the company as a "guerrilla army" battling the U.S. government in their fight to deregulate the air cargo industry. The heroic narrative of a rebellious "guerrilla war" highlighted the newness of the express service and workplace culture,

while concealing the reality of high-speed, nighttime, monotonous labor. Chapter 4 explores the internal dynamics of Federal Express's logistics network, particularly the working conditions at the hub and two unsuccessful attempts to unionize the company during the 1970s. The company's culture of speed and flexibility relied heavily on the labor of young, part-time workers, who made up the majority of its frontline workforce, and management actively resisted union efforts that would disrupt operations. Although these unionization drives failed, they prompted the company to refine its approach to welfare capitalism—branded as "People-Service-Profit" in the 1980s, as discussed in Chapter 5. This inclusive philosophy aligned well with the age of affirmative action and the entry of women and African Americans into its core workforce, countering the similarly diversified union movement. Chapter 6 traces the decline of the People-Service-Profit model in the late 20th century. Disillusioned workers turned to unionization efforts again in the 1990s, but the union campaign struggled to articulate a strong ideological vision to counter the people-first philosophy and was unable to overcome the company's welfare-capitalist appeals and management's intimidation tactics in a legal environment that favored employers. Chapter 7 examines FedEx's use of temp workers, independent contractors, and college student workers in the early 2000s. The elimination of unions reinforced the industry's pursuit of flexibility by relying on workers without permanent, full-time jobs at the lower end of the expanding inequality. Given economic needs, these workers accept "flexible" labor offered by companies like FedEx, which has played a role in creating and maintaining an unequal economy through its antiunion activities.

To critically examine the formation and development of FedEx's culture of speed and flexibility, I use multiple approaches, including cultural, legal, and social analyses. I provide the context of American political economy that shaped the development of the express shipping

industry in the early chapters, and I also include biographical sketches of corporate founders. Some chapters focus on the cultural aspects of the company's service while also examining the constant tension between workers demanding fair treatment and management trying to manipulate their attitudes and actions. By weaving together different aspects of corporate growth into one tapestry, this dissertation seeks to present the complex interplay of various elements that shaped the speed-centered culture of the logistics industry. Ultimately, this dissertation reveals the constantly reproduced contradiction between the narrative of a new industry, a new service, and a new company that corporate executives have told, and the reality of the continuation of the old structure of a capitalist economy.

# CHAPTER 2

## EXPRESS SERVICE: FRED SMITH, OVERNIGHT SHIPPING, AND THE "DARK SPOT IN THE SUNBELT"

Since the early 1970s, Federal Express has propelled the growth of the American express shipping industry and paved the way for online retail by creating a flexible, efficient system for moving goods. While businesspeople and the popular media often romanticize its success as the result of the founders' innovative thinking and bold actions, the express delivery service was established and expanded not only because of individual talent but also because of the environment that prepared the founders, the community, and the industry for success. This chapter examines the intertwined contexts surrounding the founding of Federal Express in 1971 and shows how personal, regional, and industrial factors converged to create a new air cargo business at that moment. Born into a family involved in the transportation industry, Frederick W. Smith learned to fly as a teenager before attending Yale University to study economics. His family wealth, combined with his experience as a pilot in Vietnam, positioned Smith well to start an air cargo company in 1971. The time was ripe, with growing demand for speed and flexibility across industries and the military, which his business aimed to meet. The city of Memphis provided the venture with a location for its airport hub and headquarters. The Southern city, struggling with deindustrialization and race relations, chose to reinvent itself as a vibrant transportation hub, continuing its long-standing reliance on its strategic location on the Mississippi River. By examining the origins of Federal Express from biographical, industrial, and regional perspectives, this chapter situates the early express shipping service within its historical context.

## The Early Life of Frederick W. Smith

Frederick W. Smith was born into a family of businessmen, many of whom worked in transportation. His father, Frederick James Smith Sr., born in 1895 in Anniston, Missouri, sold newspapers on the streets of Paducah, Kentucky, while working as a cabin boy on a steamboat on the Ohio and Mississippi Rivers that his father, Captain James Buchanan Smith, operated.[1] When the family moved to Memphis, Tennessee, in about 1913, James B. Smith quit his job as a steamboat pilot and started a grocery business. More than a decade later, in 1925, Smith Sr. returned to transportation, first selling trucks and then starting a bus line from Memphis to Rosemark, twenty-five miles north of Memphis, driving the bus himself.[2] The bus company, Smith Motor Coach Co., was incorporated in 1926 and grew rapidly into a thriving regional business. By 1930, its fleet of two hundred coaches covered twenty thousand miles per day, operating in a racially segregated environment. The company merged with Central Greyhound Corporation in 1931, and Smith became head of Dixie Greyhound Lines, Inc., at age thirty-five.[3] The bus line's coverage expanded beyond the South, with a route between Chicago and New Orleans added in 1936.[4] By the time Frederick J. Smith married his fourth wife, Sally Wallace West of Jackson, Tennessee, in 1943, he had already established himself in Memphis as a

[1] "A Mover By Land and By Sea," *The Commercial Appeal,* November 2, 1980.

[2] Sources do not agree on the exact location of their steamboat business. In 1930, author Hazel Manley interviewed Smith Sr. and wrote that they had operated the steamboat on the Mississippi, but local newspaper articles reported that the family had lived in Paducah, Kentucky, and operated the boat on the Ohio. Hazel Manley, "Frederick Smith: The Spirit of Leadership," *World Leaders* (Richard G. Badger, The Gorham Press, 1930), 248-50; "Fred Smith, Now Fighting for Life, Graduated From Cog in Few Years," *Press-Scimitar,* October 25, 1933.

[3] "Entrepreneurial Effort of Frederick Smith Sr. Recognized," *Press-Scimitar,* March 27, 2004.

[4] "Expansion Planned by Greyhound Lines," *The Commercial Appeal,* June 19, 1936.

successful entrepreneur.[5] It was into this family that the founder of FedEx was born in 1944. With careers as a steamboat pilot, a bus driver, and a corporate executive, Smith's predecessors certainly upheld a family tradition in the transportation industry, both as operators and managers. Smith later emphasized these two men's stories in recounting his life and career as a founder of Federal Express in 1972.[6] However, Smith Sr. and Smith Jr. probably had few direct conversations about transportation and business—Frederick J. Smith died in 1948, leaving five children, including two stepchildren, in the household.[7]

Despite his father's death, Fred Smith's early life was free of economic hardship, surrounded by middle- to upper-class white Memphians and largely sheltered from the changing dynamics of race relations in the segregated Southern city. The family lived in a mansion on East Parkway South and then on Audubon Drive, both exclusively white suburban neighborhoods near the University of Memphis.[8] Smith attended Presbyterian Day School, a private Christian elementary school for boys, and Memphis University School (MUS), the city's premier private college-preparatory school for boys. His school years fell in the late 1950s and 1960s, when the desegregation of public schools sparked a violent white backlash in major Southern cities, including Little Rock, 140 miles west of Memphis. In 1961, Memphis public schools became desegregated, with thirteen African American children entering all-white public schools. White

[5] "Fred Smith Divorced in Miami; Weds 3 Days Later in St. Louis," *Press-Scimitar*, May 9, 1940.

[6] Frederick W. Smith, "Fred Smith's Own Story," *Professional Pilot*, October 1972, 20.

[7] "Death Comes to Fred Smith, Builder of Bus System," *The Commercial Appeal,* November 20, 1948.

[8] Paul H. Sisco, "Population Changes in Memphis, 1950-1958," *Southeastern Geographer* 1 (1961): 25-29; in 1940, the Home Owners' Loan Corporation described the neighborhood as "hot spots" and gave it the highest grade, "A," as an area deemed minimal risk for banks and other mortgage lenders. "Memphis, TN," *Mapping Inequality: Redlining in New Deal America,* Digital Scholarship Lab, University of Richmond, accessed January 25, 2023, https://dsl.richmond.edu/panorama/redlining/#loc=12/35.135/-90.087&city=memphis-tn.

Memphians at elite schools like MUS, however, remained shielded from the city's changing racial landscape. Henry Turley, a 1958 MUS graduate and a lifelong Memphian, recalled that "for a long, long time" in his childhood, the civil rights movement "went straight over my head." Even when a student joined Turley's class after his former school, Little Rock Central, had closed in 1958 because of Governor Orval Faubus's opposition to desegregation, Turley regretfully admitted that "we just didn't talk about it" at MUS.[9] The world in which Fred Smith grew up was removed from the contemporary racial tensions of the U.S. South.

Young Fred Smith developed an interest in business and aviation. In the tenth grade at MUS, he and two classmates, both sons of prominent corporate chairmen, formed a company called Ardent Recording Co. The stockholders were their parents, including Smith's mother, and the stock had an assessed value of $5,000. In August 1960, Ardent released its first record: a song performed by the Ole Miss Downbeats, mostly composed of students and graduates of the University of Mississippi.[10] Around the same time, at age fifteen, Smith learned to fly in an Aeronca Champ and "enjoyed it from the minute" he began.[11] Colonel Fred Hook, an Air Force officer whom Fred Smith and his mother, Sally, met at a National Guard conference in Nashville and who married her in 1965, supported his ambition and introduced him to a local instructor. The summer he graduated from high school, Smith flew planes for Memphis City Commissioner

[9] Henry Turley, interview by Francesca Davis and Crystal Windless, January 9, 2007, The Crossroads to Freedom Project, Rhodes College, Memphis, TN.

[10] "10th Graders Have Own Company," *Press-Scimitar,* date unspecified; Audrey Taylor, "Ardent Records Set to Release Its First Disk," *The Commercial Appeal,* August 18, 1960.

[11] *Creativity with Bill Moyers,* "Fred Smith and the Federal Express," directed by Lisa Director and Sidney Smith, aired November 4, 1981, on PBS. VHS available in box 29, Federal Express Advertising History Collection, Archives Center, National Museum of American History, Washington, D.C. (hereafter cited as FEAHC).

Bill Farris, who was campaigning in the Democratic primary for governor.[12] His passion for flying eventually led him to consider a career in the military. On September 22, 1962, a local sheriff wrote to Captain F. J. Johnson, Jr., of the Marine Corps that Smith "had become very enthusiastic about flying" and recommended him to the selection office.[13]

In 1962, Smith received a scholarship and entered Yale University, leaving his hometown amid the turmoil of desegregation efforts. However, he strongly expressed his Southern identity by hanging a Confederate flag on his dormitory wall. Meanwhile, young Fred Smith followed the tradition of his male family members by joining the Marine Corps Reserve. At school, he majored in economics and international relations, revived a flight club, and worked as a charter pilot on weekends.[14] According to a popular narrative, Smith wrote a paper for an economics class outlining a hub-and-spoke air cargo system and received a "C." However, in an oral history interview in 1988, he admitted that "the story of the Yale term paper has indeed gone through a number of embellishments over the years" and that "it wasn't as pressing as I would like to have people believe." According to his own words, the paper focused more on computerization and the emerging market demand for faster movement of items.[15] Smith's time at Yale might have given him a hint of the emerging industrial landscape in which logistics

[12] Vance H. Trimble, *Overnight Success: Federal Express And Frederick Smith, Its Renegade Creator* (Crown Publishers, Inc., 1993), 66, 70-71.

[13] MA Hinds, Sheriff to Captain FJ Johnson, Jr., September 22, 1962, box 3, folder 37, Robert A. Sigafoos Papers, Special Collection, University of Memphis Library (hereafter cited as Sigafoos Papers).

[14] Trimble, *Overnight Success,* 72*,* 73; Oliver E. Allen, "Absolutely, Positively Overextended," *Audacity*, Winter 1995, 9.

[15] Fred Smith, interview by Scott Ellsworth, July 26, 1988, box 10, FEAHC; Economist Robert A. Sigafoos' description of the paper supports this observation. Robert A. Sigafoos, *Absolutely, Positively Overnight!: The Unofficial Corporate History of Federal Express* (St. Lukes Press, 1983), 31-32.

would play a critical role, but it would take more time for him to formulate the idea of hub-and-spoke, fully integrated air cargo transportation, and to imagine it as a business plan.

## Air Cargo and Shipping Industry in the Postwar Decades

Before deregulation in 1977 and the global rise of e-commerce in the 1990s, air cargo remained a by-product of passenger service. High costs, limited aircraft capacity, and a lack of airport facilities made air cargo inefficient and inconvenient, so people relied on door-to-door ground services by the Post Office and companies such as United Parcel Service to ship items, except for time-sensitive ones.[16] The Post Office began offering airmail in 1918, and within ten years, commercial airlines had taken over the service under contract with the Post Office.[17] In the late 1920s, Railway Express Agency (REA), established through the merger of major express companies including Wells Fargo and American Express, also launched the Air Express Division and offered expensive express services by contracting with airlines to fly the traffic.[18]

Until World War Two, the air cargo market remained extremely small and dominated by the Air Express Division of REA. The tide changed after the war as the Civil Aeronautics Board (CAB) ended REA's monopoly by denying its exclusive authority to operate as an air express agent. This opened the air-express market to scheduled airlines that had become interested in the service during the war, while ambitious veterans trained as pilots and crew members returned to start non-scheduled all-cargo carriers as well. To help non-scheduled, small carriers that had to

[16] Nawal Taneja, *The U.S. Airfreight Industry* (Lexington Books, 1979), 1.

[17] Jenny Lynch, *Airmail: A Brief History* (United States Postal Service, 2018).

[18] John H. Frederick and Arthur D. Lewis, "History of Air Express," *Journal of Air Law and Commerce* 12, no. 3 (1941): 204, 208.

make individual contracts with shippers for specific flights, air freight forwarders grew as intermediary agents. Meanwhile, all-cargo carriers sought CAB certification to equally compete with scheduled passenger airlines in the market. The CAB responded to their demand on May 5, 1947, by granting exemptions to all carriers that had applied for certification by then and had been in the business of air-cargo shipping for the twelve months preceding that date. This launched a new market and new competition, in which several small all-cargo carriers went bankrupt. In 1949, the CAB decided to award certificates to four scheduled all-cargo airlines—Slick, Flying Tiger, United States Airlines, and Airnews—to serve the domestic market, establishing federal regulation in this newly emerging industry.[19] Two more all-cargo airlines—Riddle Airways and American Air Export and Import (AAXICO Airlines)—later obtained the CAB certificate.[20] Over the next fifteen years, the regulated air cargo market expanded more rapidly than surface transportation. Air freight ton-miles grew from 1.4 million in 1946 to nearly two billion in 1968.[21] However, the market remained unstable and competitive, and carriers, including major ones such as Aaxico Airlines and United States Airlines, eventually went bankrupt.[22]

While the air-cargo industry was slowly growing in the postwar decades, logistics also emerged as a key concept in warfare, and later in the civil industry and transportation. Indeed, logistics began as a military concept, and historians have pointed out that it long served military

[19] Philip Schary, "The Civil Aeronautics Board and the All-Cargo Airlines: The Early Years," *Business History Review* 41, no. 3 (1967): 272-83.

[20] Taneja, *The U.S. Airfreight Industry*, 4.

[21] U.S. Civil Aeronautics Board, *Handbook of Airline Statistics*, 1967 ed., (U.S.G. P.O., 1968), 62. Also, U.S.C.A B., *Air Carrier Traffic Statistics*, December 1967, 1; and December 1968, 1

[22] Delos W. Rentzel, "The Airway Tide in Transportation," *The Annals of the American Academy of Political and Social Science* 345, no.1 (1963): 74-76.

efforts, dating back to ancient China and the Roman Empire, by efficiently moving soldiers and supplies wherever they were needed. With the rise of modern warfare, logistics came to shape campaign strategies, and World War Two marked a turning point at which supply lines of resources, especially petrol, played a decisive role in tactics. In the years after World War Two, the U.S. military further developed industrial technologies, such as just-in-time production techniques and the standard shipping container. As Deborah Cowen asserts, by the 1960s, experts in business management had been lured into this science of physical distribution as writings, institutions, and seminars on logistics proliferated. Thus, when Peter Drucker insisted that logistics was today's "frontier in business" in 1965, the revolution was well underway.[23]

The Vietnam War, fought in the mountainous countryside of Southeast Asia, required the sophisticated logistics techniques the U.S. military had developed since World War Two. For example, economist Marc Levinson demonstrates that the war presented an opportunity to prove the merits of containerization in solving logistical problems. In 1965, logistical confusion in Vietnam posed a major challenge to American military planners. The U.S. Army began taking responsibility for supplying all forces, including the Marine Corps, within an integrated system, and the military's shift to container technology helped resolve the logistical mess.[24] In addition, Wesley Attewell argues that a philosophy of "inventory in motion" shaped the U.S. effort to reorganize South Vietnam's logistics systems to supply troops. In this process of seeking "a more flexible and efficient way of doing logistics," Attewell insists, the Vietnam War resulted in the formation of "just-in-time imperialism." In particular, one of the challenges the U.S. military

[23] Deborah Cowen, *The Deadly Life of Logistics: Mapping Violence in Global Trade* (University of Minnesota Press, 2014), 26-33, 50.

[24] Marc Levinson, *The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger* (Princeton University Press, 2006), 171, 230-47.

faced in Vietnam was a lack of adequate transportation infrastructure. Unlike World War Two, where truck convoys could move between the front and rear lines, the U.S. military had to divert cargo through air and sea lines and create an integrated nationwide traffic network.[25] These conditions helped develop the integrated, flexible transport technique as the core of U.S. military operations in Southeast Asia. One of the soldiers who maintained the network as a pilot was Fred Smith, who later took advantage of this experience to lay out an integrated, efficient air-ground cargo network in the 1970s as the founder of FedEx.

## Smith in Vietnam

Smith's career decision after college set him apart from other Ivy Leaguers. With a Yale degree, he voluntarily enlisted in the U.S. Marine Corps in 1966. He did not represent the majority of U.S. soldiers who fought in Vietnam—as historian Christian Appy has demonstrated, approximately 80 percent of the young Americans who served in Vietnam came from working-class and poor backgrounds. In 1966, only 6.3 percent of enlisted American men had four or more years of college education, and most rank-and-file soldiers, whether volunteers or draftees, were teenagers. Moreover, in the years leading up to 1970, middle-class students at schools such as Harvard and the University of California, Berkeley, became increasingly active in anti-war and draft-resistance movements.[26] Fred Smith, however, was not a member of such groups. With his wealthy background and an Ivy League degree, Smith was quite atypical among soldiers who served in Vietnam.

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[25] Attewell Wesley, "Just-in-time Imperialism: The Logistics Revolution and the Vietnam War," *Annals of the American Association of Geographers* 111, no.5 (2021): 1330, 1334-35.

[26] Christian G. Appy, *Working-Class War: American Combat Soldiers and Vietnam* (University of North Carolina Press, 1993), 6, 25-26, 35-36, 51.

In an interview with Bill Moyers, Smith explained that he did not have a particular motive to go to Vietnam but held "the typical Southerners' viewpoint of the military and the duty" expected of all men at some point in their lives. Other men in his family, including his late father, had military experience, and he "just never had any questions about the fact that I had to go in the service for a period of time."[27] Journalist Vance Trimble has noted that after his father's death, Smith's uncle, Major General Sam T. Wallace, adjutant general of the Tennessee National Guard, had a powerful influence on him.[28] As Appy explains, such generational connections were a significant factor in driving young Americans into military service. Through discussions of past wars, older men in the family instilled in younger men the idea that military experience was a central marker of male adulthood.[29] With such family backgrounds, according to Smith, "Vietnam just happened when my time came." Thus, it was not so much an ideological, anti-Communist decision but a gendered family expectation that prompted him to enter the Marine Corps.[30] Rather than his educational and socioeconomic background, his connection with male family members and his admiration for flying played a critical role in this decision.

After completing a course for platoon leaders, Smith was commissioned as a second lieutenant and witnessed war's brutality, an experience he would share with many other Vietnam veterans. As an infantry company commander, he served on his first tour in Vietnam from 1966 to 1967. A 1977 *Forbes* article describes his experience somewhat heroically, stating, "He almost miraculously survived a Vietcong attacker," and citing his own words that "I was so

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[27] *Creativity with Bill Moyers,* "Fred Smith and the Federal Express."

[28] Trimble, *Overnight Success,* 59.

[29] Appy, *Working-Class War*, 57.

[30] *Creativity with Bill Moyers,* "Fred Smith and the Federal Express."

frightened that I aimed at his head and hit his knee. […] To this day, I don't understand how he missed me because they always aim for the company commander."[31] The letters he sent to his sister from Vietnam offer a bleaker account of the life-threatening days on the battlefield that the 22-year-old spent. On August 8, 1967, Smith explained that while leading a patrol one week earlier, a soldier from the People's Army of Vietnam "killed two of my men (one on each side of me)" and "got so close that I had to use" a pistol "on him." He continued, "Life over here with the USMC is pretty punitive by necessity," a statement followed by a description of the lack of infrastructure and the unpleasant tropical heat.[32] It is unclear whether these two sources discuss the same event, but Smith certainly continued to witness the violence and cruelty of the battlefield.

In 1967, Smith participated in Operation Swift in the Quế Sơn Valley from September 4 to 15. In a letter dated September 23, he shared the traumatic experience in which he "lost an awful lot of my close friends." After describing the campaign that killed more than one hundred U.S. Marines and over six hundred soldiers of the People's Army of Vietnam and the National Liberation Front, he revealed the emotional difficulty, stating, "It's the weirdest feeling to see and talk and joke with somebody and the next time you see them all they are is a bloody corpse." In this letter, he confessed, "I've gotten used to seeing dead VC or NVA, but I don't think I'll ever become accustomed to seeing dead Marines."[33] During this heavy, sustained combat,

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[31] Robert J. Flaherty, "Breathing Under Water," *Forbes*, March 1, 1977.

[32] Fred Smith to Charlotte Fredette Smith Eagle, August 8, 1967, box 3, folder 21, Vance Trimble Collection, Western History Collections, University of Oklahoma Libraries (hereafter cited as VTC).

[33] Mike Morris, "Fighting the Phantom: 1st Viet Cong Regiment In I Corps," *Marine Corps History* 7, no.1 (2021): 92; Gary L. Telfer, Lane Rogers and V. Keith Fleming, Jr. *US Marines in Vietnam Fighting the North Vietnamese 1967* (History and Museums Division, US Marine Corps, 1984); Fred Smith to Charlotte Fredette Smith Eagle, September 23, 1967, box 3, folder 21, VTC.

soldiers, including Smith, were exposed to machine gun attacks and the continuous deaths of their fellow men. The extent of the physical and emotional distress that such a battle caused young men in their teens and early twenties cannot be rightly estimated by any quantifiable measures.

In his second tour of duty in Vietnam, Fred Smith served in a role closely tied to his adolescent passion for aviation. After rotating back to the United States, Smith received training as a Marine aviator and returned to Vietnam, where he served as a pilot of forward-control aircraft between 1968 and 1969. He flew more than two hundred ground-support missions and earned several medals.[34] The letters he sent to his sister during this second tour describe fewer bloody battles; instead, he discussed his trips to other regions of Asia and the end of his service with excitement. On October 4, 1968, he enthusiastically wrote, "10 months and 11 days, and I'll be a civilian again." At this point, he did not think about starting a business after the service, as he had "almost firmly decided to take one year off before I do anything and just wander around, or go to work or something."[35] Smith felt the necessity of taking a break after the war so strongly that he repeated it in another letter in November. Toward the end of his time in Vietnam, his feelings expressed in these letters became more cheerful and optimistic. As his term approached its end, his attention shifted toward his future in his home country.

Smith's wartime experience shaped his vision and strategy as a business leader. A local newspaper reported in 1982 that books on military tactics and history filled the shelves in his office alongside the best-selling titles of the era.[36] Shelby Foote, a Civil War historian whom

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[34] D. Daryl Wyckoff and David H. Maister, *The Domestic Airline Industry* (Lexington Books, 1977), 125; Flaherty, "Breathing Under Water."

[35] Fred Smith to Charlotte Fredette Smith Eagle, October 4, 1968, box 3, folder 21, VTC.

[36] Lewis Nolan, "Federal Express Chief Tries to be Ordinary Guy but It's Mr. Smith Now," *The Commercial*

Smith, according to another article in the same series, identified as one of the eight Memphians he would call close friends, testified that Smith was interested in the Civil War with a particular focus on leaders such as "Bedford Forrest and of course Lee and Grant."[37] Such words suggest that military leadership appealed to Smith more than the promotion of racial justice. Nathan Bedford Forrest was a white businessman who sold enslaved people from Memphis down the Mississippi to New Orleans by taking advantage of the city's geographical location as a transportation center before the Civil War, and later founded the Ku Klux Klan.[38] Forrest's record as an enslaver and an anti-Black activist did not seem to diminish Smith's admiration for his charisma as a business and military leader. In an oral history interview from 1988, Smith also named Robert E. Lee as his role model, saying that "of all of the military leaders that I have studied, I think the one that I would have the greatest respect for would be Robert E. Lee." Smith admired Lee not just as a "great strategist and a great manager" but also as "a compassionate man and a gentleman."[39] As with his decision to volunteer for the military, his interest was less in the causes of war than in Robert E. Lee's individual skills, particularly his leadership.

Like many other veterans, Smith witnessed and participated in the intense brutality and violence of the Vietnam War in his early to mid-twenties. Unlike many veterans, Smith's service was voluntary, yet it still significantly affected his life in the United States. He admitted that he never fully recovered from the trauma over the decade following the war and tried "not to think about it too much." Nevertheless, the demoralizing experience of continuous destruction also led

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*Appeal*, October 19, 1982.

[37] "Friends See Different Sides of Multifaceted Fred Smith," *The Commercial Appeal,* October 22, 1982.

[38] David Ciscel and Michael Honey, "Memphis 50 Years Since King: The Unfinished Agenda," *Poverty & Race* 25, no. 3 (2016): 1-2, 12.

[39] Fred Smith, interview, 1988.

him to start a new business, as he later said, "Federal Express is the creature of Vietnam."[40] A childhood friend of Smith noted that the series of life-threatening experiences during the war inclined Smith to maximize his use of time and to try new things without hesitation.[41] Smith shared this mindset with other veterans, with whom he would start Federal Express.

As official and unofficial histories of FedEx and its founder have emphasized, Fred Smith possessed the special skills required to become a successful entrepreneur. He had developed exceptional leadership, charisma, ambition, and creativity, as well as experience as a military commander. However, these elements alone were insufficient for a young veteran with no business experience to start a company. His success lay not only in his superb talents but also in something FedEx's official narrative has underestimated or even muted. Most importantly, he had start-up capital. In July 1969, immediately after returning from Vietnam, 24-year-old Fred Smith joined his stepfather and acquired a small fixed-base operator—an aeronautical service provider that leases land at an airport—Arkansas Aviation in Little Rock. The company was in financial distress, and Smith used his inheritance to repay its debts and gain control to rebuild it.[42]

## Overnight Express Shipping around 1970

When Smith returned to the United States and secured control of Arkansas Aviation, he transformed it from a fixed-base operator into a seller of used jet aircraft. Between 1969 and

[40] *Creativity with Bill Moyers,* "Fred Smith and the Federal Express."

[41] "Friends See Different Sides of Multifaceted Fred Smith."

[42] Frederick W. Smith, "Fred Smith's Own Story"; Roger Frock, *Changing How the World Does Business: FedEx's Incredible Journey to Success – The Inside Story* (Berrett-Koehler Publishers, Inc., 2006), 10.

1971, the company's financial performance improved, with sales rising from $1 million to $9 million. Its earnings, which had previously been a $40,000 loss, also dramatically rose to a $250,000 profit.[43] However, Smith did not remain in the successful aviation sales business. Roger Frock, one of the founding members of Federal Express, explained that Smith's experience in the aviation business helped him realize the inefficiencies of the air freight supply chain, as he often faced delays due to network disintegration.[44] Fred Smith's later remarks also indicate that multiple factors spanning his life culminated in a single business project in 1971. His economics education at Yale gave him an understanding of industrial change and the emerging market demand for the rapid movement of goods. During his time in the Marine Corps, he also experienced firsthand the system of moving items as quickly as possible, which may have been connected to the ideas he discussed in his undergraduate economics paper. Indeed, in 1988, he identified the integration of ground and air transportation as a critical element of Federal Express's operations and cited the Marine Corps as an example of an institution that had adopted such a system.[45] Inspired by his military experiences, Fred Smith started an integrated small package air service, purchased two Dassault Falcon 20 – French ten-passenger aircraft – from Pan American World Airways, and finally incorporated Federal Express in 1971.[46]

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[43] Wyckoff and Maister, *The Domestic Airline Industry,* 125.

[44] Frock, *Changing How the World Does Business,* 11.

[45] Fred Smith, interview.

[46] Wyckoff and Maister, *The Domestic Airline Industry*, 126; Allen, "Absolutely, Positively Overextended," 9-10. The original idea was to offer the delivery service exclusively to the Federal Reserve by picking up checks and documents from each branch, having them processed by Federal Reserve staff at a central hub, and delivering them to member banks. Thus, Smith named the company Federal Express, but the Federal Reserve Board, which had initially supported the idea, later turned it down. Frock, *Changing How the World Does Business,* 12-13.

Federal Express management, workers, and scholars affiliated with the company have proudly and incorrectly insisted that they started a whole new industry of air cargo. James Wetherbe, a former director of the Center for Cycle Time Research at the University of Memphis and a "FedEx professor of excellence," wrote in his 1996 book that when the company flew its first aircraft in March 1973, "Fred Smith had given life to a new industry, one that would create value where none had existed before."[47] In an employee survey of 1980, a worker listed "the creation of an industry that didn't exist" as "the most significant achievement of Federal Express" in its first ten years.[48] However, Federal Express did not give birth to the overnight shipping industry. For example, in 1969, Larry Hillblom, a graduate of the University of California, Berkeley, Adrin Dalsey, a salesperson at the Los Angeles firm Michaels, Poe & Associates, and his friend Robert Lynn, a real estate investor, founded the express shipping company DHL and began offering air courier service for time-sensitive documents between San Francisco and Honolulu.[49] Passenger airlines and bus lines had also introduced express services before Federal Express was founded. American Airlines' "AA Priority Parcel Service" sent a package on "the next direct flight" to the destination airport after a customer dropped it at the airport counter. Greyhound also offered a similar service called "Next Bus Out" between 250 city pairs and guaranteed same-day delivery.[50] Entrepreneurs and businesspeople of this period were aware of the rising demand for express shipping of small items and the value of speed, and

[47] James C. Wetherbe, *The World on Time: The 11 Management Principles That Made FedEx an Overnight Sensation* (Knowledge Exchange, 1996), 107.

[48] Survey Feedback Action 1980: Summary of Results, box 3, folder 45, Sigafoos Papers.

[49] James D. Scurlock, *King Larry: The Life and Ruins of a Billionaire Genius* (Scribner, 2012), 14-20.

[50] Thomas F. Dillon and Claudia H. Deutsch, "Small Shipments Bring Out Gripes," *Purchasing Magazine,* July 18, 29-43.

they began investing in the market once considered niche. Thus, it is fair to say that Federal Express did not start the industry of overnight freight shipping but played a role in dramatically cultivating and expanding the market.

The United States Postal Service's overnight delivery service, launched in late 1970, likely best demonstrates the growing need for express shipping in the business world. On December 1, 1970, the USPS began a year-long test of overnight delivery, which, according to *The New York Times,* was "viewed as a revolutionary development by postal marketing experts." The Express Mail Service was initially available only on a contract basis in twenty-six cities nationwide, serving only a small number of customers in each city. Using commercial airlines, the service originally targeted companies that needed to send business documents, deadline-sensitive materials, and non-negotiable financial instruments to their branch offices or business partners.[51] The USPS later expanded the service to private customers and began using air taxis, including Federal Express.[52] A 1973 newspaper ad for Express Mail listed six potential users: a lawyer with a contract to sign, an engineer with last-minute changes in plans, a local messenger with a high-priority package, a sales manager needing to send sales materials to his salesman, a grandmother who forgot her grandson's upcoming birthday until the last minute, and a doctor who needed to send X-rays.[53] Primarily targeting business users, the overnight delivery service responded to the rising demand for speed as the white-collar workforce expanded in corporate America.

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[51] "Test Mail Starts on Business Data," *The New York Times,* December 2, 1970; "Test Speeds Business Mail," *Los Angeles Times,* December 3, 1970.

[52] "Goal on Airmail Nearly Reached, *The New York Times,* July 19, 1971.

[53] "Express Mail," *Star Tribune,* May 15, 1973.

Indeed, speed was the most significant strength of air freight compared with surface transportation. Manufacturing companies chose to use expensive air freight primarily for speed. According to a 1972 study of manufacturing firms in Chicago, companies used air freight either in urgent situations when they needed materials and documents quickly, or for routine use when the speed of air freight helped reduce the cost of maintaining large inventories. The research concluded that firms that frequently used air freight tended to follow the total cost approach to distribution – a logistics management method that aimed to minimize overall production and delivery costs by evaluating trade-offs among different costs. This study showed that industries relying on air freight included publishing, fabricated metals, electrical machinery, and transportation equipment, many of which produced high-value goods and distributed products across large markets.[54] Another study, citing a report of the Air Transport Association, also found that in 1965, commodities flown by air included machinery parts and equipment, automobile parts and accessories, wearing apparel, printed matter, and electrical products.[55] In fact, firms in these fields began emphasizing the speed of their supply chains to investors in this era. For example, Mobil Oil Corporation, Allied Products Corporation, GAF Corporation, Western Electric, and Sears highlighted their ability to deliver products to their customers overnight in their annual reports in the early 1970s.[56] These companies used air freight when a

[54] Allan Robert Fishman, *The Impact of Air Freight on Manufacturing in the Chicago S.M.S.A.,* University of Illinois Urbana-Champaign, Ph.D. Diss., 1972, 50, 57-58, 72, 87-88.

[55] David H. Reeher, "Airfreight Has Problems on the Ground," *Business Horizons* 11, no. 1 (1968): 33-38; John Mecklin, "The Biggest, Cheapest Lift Ever," *Fortune,* November 1965, 280; Thomas Wayne Schad, *An Econometric Study of the Demand for Airfreight in the Domestic United States,* Wayne State University, Ph.D. Diss., 1970, 10.

[56] GAF Corporation Annual Report, 1971; ALLIED Products Corporation Annual Report, 1973; Mobil Oil Corporation Annual Report, 1972; Sears Corporation Annual Report, 1972; Western Electric Annual Report, 1970.

product's value per pound and the geographic distance it needed to cover made air transport economically beneficial.

It was not only businesses that conducted this calculation. The Pentagon issued a directive stating that any equipment costing one dollar per pound or more should be transported by air to its destination.[57] In fact, just as industries that required high-value parts relied on air freight to transport them from central depots to branch offices and customers, the U.S. military also depended on the fast service of air cargo to distribute equipment across the country. As Fred Smith would testify before Congress, the U.S. military was Federal Express's largest single user in 1976, and reducing duplicate inventories was crucial to its efforts to optimize logistics operations.[58] Historians have noted that the postwar expansion of the military-industrial complex linked the Pentagon with the growing high-tech and electrical industries in developing weapons for the Cold War.[59] The products invented, developed, and manufactured by those military-sponsored high-tech industries often matched the type of cargoes that benefited from overnight delivery. The express shipping service grew alongside the high-tech and electrical industries, supported by military demand.

Smith hired two consulting firms to conduct market studies on the potential of his business idea. According to a 1978 Harvard Business School report, these firms pointed out in 1972 that, as many scholars and businesspeople had already recognized, there was an unmet, rapidly growing demand for transporting small, time-sensitive items. Most air freight had been

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[57] Wayne Schad, *An Econometric Study of the Demand for Airfreight,* 6.

[58] *Amend the Federal Aviation Act of 1958, Relating to Granting Relief by Exemption: Hearing on S. 3684, Before the Subcommittee on Aviation of the Committee on Commerce,* 94th Cong. 18, 27 (1976) (statement of Frederick W. Smith, Chairman of the Board, Federal Express Corp.).

[59] Thomas Heinrich, "Cold War Armory: Military Contracting in Silicon Valley," *Enterprise & Society* 3, no. 2 (2002): 247-84.

carried by scheduled passenger airlines and air freight forwarders since the 1960s. However, the report noted that 60 percent of all domestic airline movements, including passenger flights, originated or terminated within the twenty-five largest geographic markets, while more than 80 percent of small, urgent shipments occurred outside those markets. In addition, only 10 percent of all airline fleets flew after 10 PM, so most urgent items would not be transported until the next morning. The consultants concluded that this unmet demand would grow rapidly.[60] In retrospect, their market forecast did not lead Federal Express down the wrong path. When the 1973 oil crisis led to rising fuel costs, passenger airlines began replacing freight with more profitable passenger flights, creating more room for all-cargo services.[61] Supported by the consultants' analysis, Fred Smith likely felt confident that his idea would align with the changing market demands of the era. He recruited several of these consultants as managers, including Roger Frock and Arthur Bass, both veterans, and raised almost $90 million in financing, including $8 million from his own family.[62] Then Smith began purchasing additional Falcons and converting them into cargo planes.[63]

In designing the aircraft, the most important consideration was how to negotiate with federal regulators. Indeed, a continuous administrative and political fight with federal regulators marked much of the early history of Federal Express. Section 401 of the 1958 Federal Aviation

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[60] Christopher H. Lovelock, "Federal Express (A)," Harvard Business School Case Study, 1976, revised September 1978, box 3, folder 42, Sigafoos Papers.

[61] Penny Pittman Merliss, "Federal Express: Customer Service Department (A)," Harvard Business School Case Study, 1980, box 3, folder 42, Sigafoos Papers.

[62] Frock was with A. T. Kearney for 12 years before joining Federal and he worked primarily in cargo handling for airlines, trucking lines, steamships and railroad and physical distribution. Bass was the president and partner in Aerospace Advance Planning Group, inc., and had experience in the industrial relations and marketing and management information systems. Bibliographical sketches, box 3, folder 49, Sigafoos Papers.

[63] Lovelock, "Federal Express (A)," Harvard Business School Case Study.

Act, an amendment to the 1938 Civil Aeronautics Act, required airlines to file for a certificate of public convenience and necessity to fly to any city in the United States. This stipulation meant that Federal Express would have to obtain a certificate for every route it planned to establish by demonstrating the need for a new carrier. The Civil Aeronautics Board (CAB) had rarely issued the certificate to a cargo carrier for decades, and established carriers almost exclusively dominated the airline industry in the early 1970s.[64] Thus, Fred Smith, then a 27-year-old entrepreneur, sought permission to operate a shipping service with Falcons as an "air taxi," which was exempted from Section 401 of the Federal Aviation Act. The only problem was that the CAB's economic regulations required that the exemption be granted to air taxi operators flying turbojet aircraft with a maximum takeoff weight under 27,000 pounds, while Federal Express's Falcons had a maximum takeoff weight of 28,660 pounds. After gaining the Federal Aviation Administration's certificate to operate as an air taxi on March 7, 1972, the company filed an application with the CAB on March 10, seeking exemption from these rules by arguing that its excess weight had not resulted from modifications but from engineering changes and that its seating capacity fell within regulations. On April 3, 1972, the CAB granted the company an exemption from the Federal Aviation Act and the CAB's economic regulations, approving its operation as an air taxi but only with the small Falcons.[65] Here, it should be emphasized that Federal Express originally operated outside the regulatory framework of the airline industry to enable and sustain its flexible approach.

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[64] Wyckoff and Maister, *The Domestic Airline Industry,*126.

[65] Civil Aeronautics Board, *Civil Aeronautics Board Reports, vol. 59, Economic Cases of the Civil Aeronautics Board* (U.S. Govt. Print. Off., 1972), 885-86; Company presentation material, box 1 folder 12, Sigafoos Papers.

**FIGURE 1**. DASSAULT FALCON 20 WITH AN OVERSIZED CARGO DOOR




Source: National Air and Space Museum, Washington, D.C., airandspace.si.edu/collection-objects/dassault-falcon-20/nasm_A19830302000

## Memphis as the Federal Express Hub

In late 1972, Smith relocated the company from Little Rock to his hometown, Memphis, Tennessee, amid economic and social turmoil. The city has a long, rich history of industrialization and labor unionism, intertwined with complex racial tensions and employer opposition, sustained by political elites rooted in plantation slavery. In 1937, the local chamber of commerce attracted Firestone Tire and Rubber Co. to establish a factory, which, within two decades, became one of the world's largest tire manufacturing plants.[66] Northern companies

[66] Bill Dries, "Firestone Fallout," *The Daily News,* August 18, 2018; Michael Honey, *Southern Labor and Black Civil Rights: Organizing Memphis Workers* (University of Illinois Press, 1993), 25-27.

expected the Southern city to provide cheap, non-unionized labor, an expectation that African-American Memphians in manufacturing factories refuted by fighting for fair wages and treatment.[67] The African Americans' fight for political and economic freedom became most apparent when the city's sanitation workers launched a historic strike in the winter of 1968, capturing national attention. The protest involved not only workers organized by the American Federation of State, County and Municipal Employees (AFSCME), but also local residents, including high school and college students. This demonstration illustrated the interconnectedness of labor and civil rights activism within the African American community in Memphis. The assassination of Martin Luther King Jr., who had come to support the marchers, caused deep pain among Black Memphians, many of whom participated in the city's largest march, led by Coretta Scott King and her children on April 8, 1968.[68] Under political pressure, the city and AFSCME reached a tentative agreement that included a nondiscrimination clause, a detailed grievance procedure, and the recognition of the sanitation workers' union.[69]

While the civil rights struggle and the industrial union movement demanded an end to the city's economic and political inequality between the two races, industrial Memphis itself was at a dead end. In the early to mid-twentieth century, the city's elites had long sought to transition

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[67] Honey, *Southern Labor and Black Civil Rights*; Laurie B. Green, *Battling Plantation Mentality: Memphis and the Black Freedom Struggle* (University of North Carolina Press, 2007), 150-52, 167, 377. In addition, although unionized white workers often exploited the racial hierarchy to maintain control over the labor market and to continue enjoying slightly better-paid, less unpleasant job opportunities, there were instances of interracial union movements during the 1930s and 1940s. Honey, *Southern Labor and Black Civil Rights,* 91-94, 114, 248-52.

[68] Green, *Battling Plantation Mentality*," 275-76, 279-81, 286-87;"'A Threshold Moment': The Public-Sector Organizing and Civil Rights Unionism in the Postwar South" in *Reconsidering Southern Labor History: Race, Class, and Power,* ed. Matthew Hild and Keri Leigh Merritt, (University of Florida Press, 2018), 212; also see Michael K. Honey*, Going Down Jericho Road: The Memphis Strike, Martin Luther King's Last Campaign* (W.W. Norton, 2007), especially Chapters 11-19.

[69] Honey, *Southern Labor and Black Civil Rights,* 490-92.

Memphis's economy from one based on Mississippi River trade and cotton agriculture to one centered on manufacturing.[70] Memphis successfully attracted industrial employers, including Firestone, International Harvester, and RCA. In spring 1966, RCA opened a television plant as a symbol of "Memphis on the move."[71] The opening of the new facility, which offered a relatively high wage along with other benefits and job security, spread optimism among the city's working class, who flooded the employment office.[72] On the company's side, the availability of low-wage workers, specifically Black women, and a weak union culture were appealing. However, the expectation that local workers would be "docile," unlike their Northeastern and Midwestern counterparts, proved inaccurate.[73] Protesting against demands for speedups, workers walked off the job within a year of the opening. Meanwhile, the number of employees at the plant dwindled after peaking in August 1967, and international competition led RCA to leave Memphis in 1970.[74] The departure of RCA marked the "end of industrial Memphis," as it was followed by additional layoffs and plant closures. It left the city's leadership and workers with social, economic, and emotional trauma in the coming years.[75]

The decline of the manufacturing sector alarmed Memphis's economic and political elites. While they agreed on the shift away from agriculture, the expansion of manufacturing

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[70] Chamber of Commerce of the United States, *Nation's Business*, February 1971.

[71] Green, *Battling Plantation Mentality*, 265; Jefferson Cowie, *Capital Moves: RCA's Seventy-Year Quest for Cheap Labor* (Cornell University Press, 1999), 79.

[72] Cowie, *Capital Moves*, 81.

[73] Green, *Battling Plantation Mentality,* 265-67; Cowie, *Capital Moves*, 80.

[74] Cowie, *Capital Moves*, 86, 90, 92-93.

[75] Wanda Rushing, *Memphis and the Paradox of Place: Globalization in the American South* (University of North Carolina Press, 2009), 102.

appeared unfeasible. Rather than the relatively high-wage manufacturing sector, the low-wage service industry expanded more rapidly in Memphis.[76] In 1969, only 23 percent of African American workers were employed in manufacturing, while 25.6 percent were in wholesale and retail, and 15.9 percent in the service industry.[77] The plant closures coincided with ongoing strife in the late 1960s and early 1970s, as Memphis elites continued to resist an end to racial inequality, even after the 1968 sanitation workers' strike. In October and November 1969, tens of thousands of Black students and teachers protested again, demanding racially equal educational opportunities. In October 1971, the Memphis Police Department beat and killed Elton Hayes, a seventeen-year-old African American boy, igniting protests and violence in the aftermath.[78] The economic, social, and political stagnation earned Memphis dishonorable titles such as "southern backwater" and the "dark spot in the Sunbelt."[79]

In seeking to modernize the city's economic base and redefine its regional identity, the ruling class of Memphis focused on airport infrastructure to attract outside investment. From the era of cotton slavery, when enslavers sent enslaved workers "down the river," to the time when business leaders sought to bring a railroad route to the city, Memphis had a history as a transportation center. Historically, business promotion emphasized Memphis's advantageous location between the Midwest and the South, and between the East and the Southwest.[80]

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[76] Regional Economic Development Center, Memphis State University, *Annual Report*, 1973-1974.

[77] *Negro Employment in the South vol. 2: The Memphis Labor Market*, Manpower Research Monograph no. 23, 1971: 7.

[78] Sharon D. Wright, *Race, Power, and Political Emergence in Memphis* (Garland, 2000), 72-76.

[79] Cowie, *Capital Moves,* 98.

[80] Robert A. Sigafoos, *Cotton Row to Beal Street: A Business History of Memphis* (Memphis State University Press, 1979), 293; Rushing, *Memphis and the Paradox of Place*, 12.

Building on this tradition, Memphis elites turned to air transportation in the jet age, continuing to leverage the city's geographical advantages as an economic booster. As demand for passenger air travel increased in the postwar years, the city established a new Airport Planning Commission in 1956 and renamed the airport from Memphis Municipal Airport to Memphis Metropolitan Airport, opening a new terminal in 1963. In the late 1960s, airport modernization included not only terminal upgrades but also runway extensions, thereby increasing capacity to accommodate more aircraft. In 1967, the airport authority initiated a parallel runway project that doubled the number of flights it could manage.[81] In 1969, the airport was renamed Memphis International Airport, although it did not begin providing international service until 1973.[82] The Memphis-Shelby County Airport Authority was established that same year and drove the airport's subsequent growth, including the construction of two sub-terminals.[83] The availability of two runways attracted Fred Smith, who had left the city in 1962, back to the "dark spot in the Sunbelt" from Little Rock in late 1972. In fact, Smith later explained, "We're really in Memphis because of its location and its airport."[84]

With this relocation, the project to redefine Memphis as a transportation hub reached its peak. In early 1973, construction began on a $3 million, 1,200-by-100-foot automated sorting center at Memphis International Airport, for which the city issued a public bond.[85] By June 1973, Memphis elites already viewed Federal Express as a beacon of hope, as a local newspaper

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[81] United States Federal Aviation Administration, *Memphis International Airport Runway Extension: Environmental Impact Statement*, 1971.

[82] "Airlines Begin Foreign Efforts," *The Commercial Appeal,* March 29, 1973.

[83] Sigafoos, *Cotton Row to Beal Street*, 266-67.

[84] "The Economy: Memphis," *Fortune,* August 17, 1987, 34.

[85] Orville Hancock, "$3 Million Sorting Center Taking Shape at Airport," *Press-Scimitar,* February 28, 1973.

reported that "it eventually may become one of the city's largest employers."[86] For a city struggling to recover its public image, an ambitious venture and its young, homegrown founder offered an opportunity to revive it. Fred Smith emerged as a powerful force in moving Memphis from its unwholesome past of racial and industrial conflict to a forward-looking, dynamic community.

[86] Bruce Sankey, "Federal Express has 'Sky' Hopes in Memphis," *The Commercial Appeal,* June 24, 1973.

# CHAPTER 3

## RAPID GROWTH: DEREGULATION AND THE FORMATION OF PROGRESSIVE CORPORATE IDENTITY, 1973-1977

On November 9, 1977, almost one year before the airline industry was deregulated, President Jimmy Carter signed the Air Cargo Deregulation Act into law. Following the 1976 Railroad Revitalization and Regulatory Reform Act, air cargo deregulation accelerated a wave of regulatory reforms and set the stage for further deregulation in subsequent years, overhauling the framework of American political economy since the New Deal era.[1] For executives, managers, and many employees of Federal Express, it was a long-awaited breakthrough. The company lobbied heavily for the deregulation bill, seeking the right to become a full-fledged cargo carrier rather than an air taxi, with the right to operate larger aircraft. Its officials traveled to Washington, D.C., with lobbyists to testify at congressional hearings, and encouraged employees to write their representatives. Sharon Frazier, an employee in the sales department, recalled how Fred Smith commuted to Capitol Hill, where he made connections with influential people. He worked so hard that "there were times I would come into the office in the morning, and I would come in at 7 or 7:30, he would be in his office, getting out his sleeping bag." Witnessing his dedication to the venture, she was "convinced that it's gonna happen." In 1976 and 1977, during the push for air cargo deregulation, Frazier felt their efforts were beginning to pay off as Memphians increasingly recognized her company, which "started to get a lot of positive publicity."[2] Immediately after the bill passed, Federal Express officials applied for a Civil

[1] President Carter said, "I hope this is the first of many steps to get the government out of air regulation." "Air Cargo Deregulation Bill Signed," *The New York Times,* November 10, 1977.

[2] Sharon Frazier, interview by Scott Ellsworth, May 12, 1988, box 9, Federal Express Advertising History Collection, Archives Center, National Museum of American History, Washington, D.C. (hereafter cited as

Aeronautics Board certificate as a common carrier and proceeded with negotiations to lease their first Boeing 727s.[3] In the following year, the company's annual net income more than doubled from $8,154,000 to $20,029,000.[4] A rapid corporate growth would follow.

The vigorous political campaign to deregulate the air cargo industry and its success played a crucial role not only in corporate expansion but also in shaping Federal Express's culture. During the first several years of operation, the company faced serious financial difficulties, reinforcing its identity as a "rebel" within the conservative business world. The executives' experiences in the Vietnam War helped crystallize Federal Express's corporate identity, with college-educated white male veterans at its center, portraying their fight in the airline industry as a "guerrilla" war against the powerful U.S. government.[5] Here, founder Frederick W. Smith and his fellow leaders viewed themselves as modern and progressive, in contrast to the more "conservative" institutions within the regulated New Deal economy. They used the concept of progressiveness not to mean the expansion of the New Deal welfare state, but to emphasize their challenge to the political and economic system in which major corporations, regulatory agencies, and unions held prominent positions. In this promotion, those American corporate executives and managers appropriated the image of Vietnamese soldiers without ever mentioning the context of Western colonialism. As this chapter shows, the shared

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[3] "Federal Express Hails Act As Bigger Plane Harbinger," *The Commercial Appeal,* November 10, 1977.

[4] Federal Express Corporation, Annual Report 1978, 13.

[5] Economist Robert A. Sigafoos described their financial struggles heroically by connecting them to Smith's military experiences in his 1988 work. While I appreciate the details of Federal Express's financial arrangements and management techniques explained by Dr. Sigafoos, I take a more critical approach to the early history of FedEx and its executives in this chapter. Robert A. Sigafoos with Roger R. Easson, *Absolutely, Positively Overnight!: The Unofficial Corporate History of Federal Express*, second ed., (St. Lukes Press, 1988).

military experience, the political campaign, and the financial turmoil are intertwined in shaping Federal Express's corporate identity, making speed the core concept of its progressive service, hard work, and forward-looking culture in the changing American capitalism.

## Fighting Against the State

During the early years of corporate growth, Fred Smith and his fellow executives faced two major obstacles: financial difficulty and federal regulation. Like most startups, Federal Express's first several years were marked by the chaos of corporate finance and operations. On March 12, 1973, the company launched its first trial operation, serving seven cities: St. Louis, Dallas, Kansas City, Atlanta, Nashville, Cincinnati, and Little Rock. But it was a disaster. Smith and his staff found only six packages on all the aircraft. The company conducted another trial on April 17, covering twenty-two cities throughout the United States. That night, it handled 183 items, and its package volume began to increase gradually.[6] Six months later, the company owned nineteen Falcons, served forty-two cities, and carried 2,500 packages per night. Employment also expanded, with 687 workers at the end of September 1973: 112 were pilots, and 121 were couriers or drivers.[7] Despite its expansion, Federal Express was not profitable at any point in 1973. A letter from the executive team to employees described this "extremely difficult period" and emphasized that the employer was doing its best to recognize their work with a small bonus, a wage increase, and an expansion of employee benefits.[8] It was only in May

[6] Oliver E. Allen, "Absolutely, Positively Overextended," *Audacity,* Winter 1995, 12.

[7] Memorandum by Federal Express Corporation, November 5, 1973, box 2, folder 31, Robert A. Sigafoos Papers, Special Collection, University of Memphis Library (hereafter cited as Sigafoos Papers).

[8] Roger Frock, Frederick Smith, and Irby V. Tedder to the Employees of Federal Express and Little Rock Airmotive, December 14, 1973, box 2, folder 32, Sigafoos Papers.

1976 that Federal achieved a net profit of $3.7 million.[9] Until then, Federal Express's executives traveled around the nation to ask bankers to finance their nearly bankrupt business again and again.

Furthermore, Federal Express faced another barrier in federal airline regulation during its first several years of operation. Recognizing that the regulation blocked corporate growth, Smith realized the need for an expert to navigate federal agencies. In April 1973, when Federal Express shipped its first packages, Smith hired Nathaniel P. Breed, a regulatory attorney, as his Washington counsel. Previously, Breed had worked for a law firm that represented Delta Airlines as one of its primary clients. Living in Washington, D.C., Breed used his knowledge of the airline industry and regulations to help Smith lead a legislative effort to eliminate economic regulations on air cargo. In addition, Smith hired John Zorack, a former Marine who was then a legislative attorney working for the Air Transport Association (ATA) and Pan American Airlines, as a lobbyist. Unlike Breed, Zorack helped Smith more directly connect with key members of the U.S. Congress to build interest and support.[10] Smith later contributed a six-page piece to Zorack's 1990 book, insisting that businesses should closely interact with Congress and its committees by forming PACs, joining industrial associations in Washington, forming *ad hoc* coalitions, and hiring lobbyists like Zorack and Breed.[11]

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[9] Christopher H. Lovelock, "Federal Express (A)," Harvard Business School Case Study, 1976, revised September 1978, box 3, folder 42, Sigafoos Papers.

[10] "Federal Express' Washington Representatives," *Update* (company periodical) Article, undated, box 1, folder 7, Sigafoos Paper; Allen, "Absolutely, Positively Overextended," 10-11; James C. Wetherbe, *The World on Time: The 11 Management Principles That Made FedEx an Overnight Sensation* (Knowledge Exchange, 1996), 105-6.

[11] John L. Zorack, *The Lobbying Handbook* (Professional Lobbying and Consulting Center, 1990), 94-99.

The interplay between financial and political fights shaped Federal Express's self-portrait as a progressive, forward-looking, and unique venture. As Breed explained, his support and expertise gave the newborn company the credibility it needed. One of the challenges Federal Express faced in the early to mid-1970s was persuading Wall Street investors that the company could survive in the highly regulated airline industry despite the high-risk, precarious nature of the business.[12] The financial history of the first few years of Federal Express was marked by a series of both successful and unsuccessful negotiations with local banks in Memphis and Little Rock, as well as with large Wall Street firms such as White, Weld, and Co. in New York, which funded the purchase and modification of Falcons. Most importantly, the growth of Federal Express could not have been possible without the availability of Smith's family fortune. In managing financial arrangements, Smith often relied on the Frederick Smith Enterprise Company, owned by his family, for collateral. He feared that dependence on Wall Street experts' opinions might lead him to lose control of the company and surrender it to an outside business professional or be asked to sell it. By the time large institutions such as Prudential, Allstate, and Bank of America finally showed interest in Federal Express in late 1973, desperate Fred Smith had allegedly violated federal banking law by signing documents without the approval of the Frederick Smith Enterprise Company board members, who were also his family members.[13] Such situations led him and managers to depict themselves as young and full of potential but unfairly disadvantaged vis-à-vis the establishment, such as Wall Street bankers, federal regulators, and their beneficiaries, including large airlines and unions.

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[12] "Federal Express' Washington Representatives," Sigafoos Paper.

[13] The charge was dismissed later. "A New Kind of Flight Plan for Small Freight," *Business Week,* November 3, 1973; Allen, "Absolutely, Positively Overextended," 10-13.

During the formative years, the strict scrutiny of federal regulators led executives and managers to identify as young, anti-authoritarian fighters. The company had originally been recognized as an "air taxi" operator and thus exempted from regulation, but its cargo volume had increased to the point that the "air taxi" label no longer applied. To fly more efficient, larger cargo aircraft without certificates of public convenience and necessity, Federal Express filed an application with the federal Civil Aeronautics Board (CAB) in September 1975, only to be denied in December.[14] This failure made it clear to Fred Smith that the hurdle of CAB regulation was so high that they were unlikely to be granted the right to fly larger aircraft. In their minds, the mission was greater than a CAB application. A more significant change to the entire regulatory system was necessary. Insisting that regulations would "impede or prevent" the economic progress brought by companies like his, Smith began to mobilize political resources to influence the legislative process, fueling their fighting spirit.[15]

The financial and political struggles against the establishment cemented the company's pride in its fighting and challenging spirit, backed by hard work. When former executives and managers tell the story of the company's founding, they emphasize that the company was young, rebellious, and progressive, and that they worked hard to compete with older, bigger corporations in the airline industry. For example, in an interview with Bill Moyers in 1981, three Federal Express executives romantically recollected the difficulties they faced in the early 1970s. As the business did not go well, they were "wearing cheap suits and talking about the investment

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[14] Wetherbe, *The World on Time,* 108; Before the Civil Aeronautics Board, Application of Federal Express Corporation for an exemption pursuant to Section 416(b) of the Federal Aviation Act of 1958, as amended, Docket 28354, September 26, 1975, box 1, folder 7, Sigafoos Papers.

[15] Senate, Subcommittee on Aviation of the Committee on Commerce, Regulatory Reform in Air Transportation, Hearings, 94th Congress, April 6-June 17, 1976, 553; Jill E. Fisch, "How Do Corporations Play Politics?: The FedEx Story," *Vanderbilt Law Review* 58, no. 5 (2005): 1512-518.

bankers as jackals of Wall Street."[16] Struggling to win the trust of investment bankers and almost abandoned by the mainstream business world, their sense of rebellion and identity as a young, tough company grew. Another manager supported this narrative. In a 1988 oral history interview, Carl Williams, former District Manager of package operations, described the people in the company as a "bunch of young kids, who didn't know how to say no, didn't know how to be defeated."[17] Fred Smith agreed with these perspectives and explained, "We were up against enormous enterprise, you know, American Airlines, Emery Air Freight, it was huge, and Railway Express Agency, or REA, which had been around for fifty years, and United Parcel Service, and, I mean, when you think about it in retrospect, I mean I can't believe."[18] These words by executives and managers describe a story of young entrepreneurs who led a new small start-up business and managed to win severe competition with large companies through an innovative idea, a dauntless spirit, and hard work. As Federal Express became nationally known, this founding myth was repeatedly told on TV and in magazine articles, helping cultivate corporate pride among its managers and employees.

## Fighting Spirit's Military Origin

The centrality of fighting spirit in the corporate culture had deeper roots than the early years' struggles. Many of the Federal Express executives and managers in the 1970s had military experience and were responsible for the workplace ethos that emphasized teamwork, loyalty, and

[16] *Creativity with Bill Moyers*, "Fred Smith and the Federal Express," directed by Lisa Director and Sidney Smith, aired November 4, 1981, on PBS. VHS available in box 29, FEAHC.

[17] Carl Williams, interview by Scott Ellsworth, May 19, 1988, box 9, FEAHC.

[18] Fred Smith, interview by Scott Ellsworth, July 26, 1988, box 10, FEAHC.

fighting spirit. The early executives were college-educated veterans with knowledge of, and experience in, business management and consulting. Founder Fred Smith was a young veteran and an alumnus of Yale, returning from the Vietnam War. Irby Tedder was a retired Air Force colonel and the first executive vice president of Federal Express. Arthur Bass, who joined the company as Senior Vice President for Planning in October 1972, was an alumnus of Middlebury College and a former Marine Corps pilot. He ran his own consulting business and worked with airlines like Pan American Airways. J. Vincent Fagan, also a former Marine, studied business administration and economics at New York University, worked for Pan American World Airways, and ran the consulting firm with Art Bass before he joined Federal Express in August 1973. As a partner in Aerospace Advance Planning Group, Inc., Yale graduate and former Navy pilot Tucker Taylor conducted a feasibility study for Federal Express in 1972 and continued it with Art Bass and Vincent Fagan's consulting firm. Before this, he was a director of research and a sales representative at Pan American World Airways. In 1974, the Yale alumnus officially joined Federal Express as Senior Vice President for Industrial Relations.[19] In the words of Vincent Fagan, the founding of Federal Express was "the crusade" for these young entrepreneurs and consultants and a "chance to prove everything I know about business."[20] These entrepreneurs and consultants, who had backgrounds in the military and the airline industry, viewed Federal Express's competition with large companies as a "war" to test themselves. For them, it was a romantic and rebellious challenge against older, more conservative corporations, albeit with considerable insider expertise.

[19] Selected Biographical Sketches, undated, box 3, folder 49, Sigafoos Papers.

[20] *Creativity with Bill Moyers*, "Fred Smith and the Federal Express,"

Alongside the executives, two major groups of employees shaped Federal Express's culture in its early years: those involved in flight operations and those who interacted with customers, such as drivers and service workers. In the 1970s, Federal Express's non-managerial workforce consisted of pilots, maintenance workers, warehouse sorters, drivers, and clerical workers. According to a memorandum prepared for investors, the company had 687 employees as of August 1973. Among them, 134 employees were in flight operations, 112 were flight crews or pilots, and 111 were maintenance workers. The sales and service category had 327 workers, including 54 managers, 33 sales representatives, 10 customer service agents, 121 couriers, 20 hub sorters, and 37 clerks.[21] Federal Express often included drivers in the "service employees" category because they directly interacted with customers, and it used the term "couriers" to refer to them. These numbers meant that 35 percent (245) of the workforce was in flight-related occupations, and nearly half (327) of all employees were in service-related fields. Such data demonstrates that Federal Express had a unique characteristic as both an airline and a service company.

**TABLE 1. FEDERAL EXPRESS EMPLOYEES BY OCCUPATIONS, AUGUST 1973**

| Category | Number of Employees | Percentage |
|---|---|---|
| Executives | 3 | 0.4 |
| Flight Operations | | |
| Executive | 2 | 0.2 |
| Flight Managers | 6 | 0.8 |
| Check Airmen | 1 | 0.1 |
| Flight Crews | 112 | 16.3 |
| Flight Following | 10 | 1.4 |
| Other | 3 | 0.4 |
| Total | 134 | 19.5 |
| Maintenance | | |

[21] Memorandum to the Purchasers of Stock of Federal Express Corporation, November 5, 1973, box2, folder 32, Sigafoos Papers.

| | | | |
|---|---|---|---|
| | Executive | 2 | 0.2 |
| | Managers | 21 | 3 |
| | Mechanics | 34 | 4.9 |
| | Avionics | 14 | 2 |
| | Engine | 9 | 1.3 |
| | Inspectors | 2 | 0.2 |
| | Other | 29 | 4.2 |
| | Total | 111 | 16.1 |
| Corporate Planning | | 5 | 0.7 |
| Data Processing | | 27 | 3.9 |
| Training | | 31 | 4.5 |
| Sales and Service | | | |
| | Executive | 2 | 0.2 |
| | Supervisors | 7 | 1 |
| | Staff Services | 3 | 0.4 |
| | Area Managers | 12 | 1.7 |
| | City Managers | 42 | 6.1 |
| | Sales | 33 | 4.8 |
| | Customer Service | 10 | 1.4 |
| | Couriers | 121 | 17 |
| | Hub | 20 | 2.9 |
| | Clerks | 37 | 5.3 |
| | Total | 327 | 47.5 |
| Finance | | 20 | 2.9 |
| Marketing | | 5 | 0.7 |
| Administration | | 4 | 0.5 |
| Total | | 687 | 100 |

**Source.** Memorandum to the Purchasers of Stock of Federal Express Corporation, November 5, 1973, box2, folder 32, Sigafoos Papers

Nonetheless, the military experience shared by many executives and flight operation workers shaped the company's identity as an airline rather than a shipping, trucking, or service company. To begin with, Fred Smith shared an admiration for aviation with many other executives from the company's formative years, as he described in an oral history interview.[22] He flew more than two hundred combat missions in Vietnam and then ran Little Rock Aviation

[22] Fred Smith, interview.

for two years, meaning that Smith's entire career centered on aircraft. Moreover, the company advertised itself as an airline in its first TV commercial, aired in 1975, by declaring, "America, you've got a new airline." After showing an aircraft landing on the runway and its interior full of packages, the commercial concluded, "Federal Express—a whole new airline for packages only." Indeed, the majority of the TV commercials aired during the 1970s ended with a shot of the company's airplane, while trucks and vans rarely appeared.[23] Despite the large numbers of drivers, sorters, and customer service clerks working at city stations, management depicted Federal Express as an airline rather than a shipping or trucking company. Pilots, who often underwent flight training in the military, formed the cultural axis of the company.

No record is available of how many pilots and aviation mechanics at Federal Express served. At least it is true that executives and corporate publications often emphasized a large presence of veterans in the workplace. For example, former manager Carl Williams explained in a 1988 interview that "We have a lot of people, especially pilots, from Vietnam."[24] A company's monthly newsletter also confirmed that many of its employees "share a military aviation background, as to a large number of the more than 400 professional pilots now flying for our package airline."[25] Former executive Roger Frock wrote that the company first hired "most of the pilots trained at" a flight school in Little Rock, founded by the Veterans Administration in 1972. The school provided returning veterans with opportunities to become type-rated in the Falcon.[26] It is difficult, however, to specify the degree of military experience different employees

[23] Carl Ally Inc., TV commercial storyboard, January 8, 1975, FedEx/Ally Photoboards, box 26, FEAHC.

[24] Carl Williams, interview by Scott Ellsworth, May 10, 1988, box 9, FEAHC.

[25] "Naval Reserve Gets 8 FEC Employees," *Update*, April 1983, box 3, folder 53, Sigafoos Papers.

[26] Roger Frock, *Changing How the World Does Business: FedEx's Incredible Journey to Success – The Inside Story* (Berrett-Koehler Publishers, 2006), 48-49.

had and how many of them went to Vietnam as Fred Smith did. Moreover, a local newspaper article reported in 1982 that "a number of the company's pilots (27 of 374) and aircraft mechanics (85 of 486)" served in the army during the Vietnam War, but it is questionable whether these numbers are "large" as the company stressed.[27] Based on these sources, it is reasonable to assume that the young executive's flying career and experience in Vietnam may have helped cultivate a strong bond between him and some of his employees, but the military-originated connection was probably not widely shared across the company beyond the executive group.

It is unclear how veterans at Federal Express processed their experience in one of America's most unpopular wars. It is possible, however, that working for this young venture presented them with an opportunity for redemption after the travails of Vietnam. Describing the fortitude of young veteran pilots at Federal, Carl Williams, who was in the army during the war, believed that such a spirit originated in Vietnam. He continued, "I think a lot of us came back and said we wanna prove something to the world that we can do something."[28] His words imply that at least some veterans viewed their work at this new company, led by another veteran, as a chance to fill the void and empower themselves. Fred Smith agreed with this view when he discussed his own interpretation of the corporate history as "the creature of Vietnam" in 1981. After witnessing many people on both sides die and participating in the destruction himself, he described that he wanted to be creative and productive.[29] This young fighting spirit, which

[27] "A Closer Look: Federal Express Chief Tries to be Ordinary Guy But it's 'Mr. Smith' Now," *The Commercial Appeal,* October 19, 1982.

[28] Carl Williams, interview.

[29] *Creativity with Bill Moyers,* "Fred Smith and the Federal Express."

originated in the military experience in Vietnam, played a major role in bonding the executives and some workers with Fred Smith in the early 1970s.

A spirit of rebellion became central to the company's identity when executives and managers drew a problematic parallel between their early, disorganized management and the guerrillas of the North Vietnamese Army and the National Liberation Front as depicted by the American media. Smith, listing large transportation companies including American Airlines and United Parcel Service, explained that his company's challenge "was like Vietnam deciding not only to fight the United States but all of Western Europe at the same time."[30] *Update*, Federal Express's internal newspaper, also reported that at a directors' meeting in 1983, Fred Smith described their rise in the competitive market using a military term. Calling it a "guerrilla attack" on UPS, Smith emphasized that Federal Express's emphasis on "system flexibility and innovation" made their success possible.[31] Innovation was indeed a value that Smith embraced when he praised Ho Chi Minh as "a man that had the strength and idea, or conviction," and who "employed very elegant, simple, low-cost solutions to revolutionize his society against a much stronger and entrenched opponent." Tucker Taylor, former Navy pilot and Federal Express's Senior Vice President of Industrial Relations, also used a military metaphor when he said that employees and managers shared "we-were-all-on-the trenches-together type of feeling" to discuss the company's early struggles.[32] Pride in fighting the difficult "guerrilla war" against older companies helped form a corporate identity as a young, ambitious startup.

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[30] Fred Smith, interview.

[31] "Smith, Willmott Praise Employees for Efforts" *Update*, January 1983, box 3, folder 54, Sigafoos Papers.

[32] *Creativity With Bill Moyers,* "Fred Smith and the Federal Express."

At least those executives who founded the company were aware of the shared military experience and cultivated a military-inspired sense of camaraderie. In a series of oral history interviews conducted by historian Scott Ellsworth in 1988, many of the managers, including Fred Smith, emphasized the "camaraderie" that existed in the company in the 1970s and linked it to their military experience. As this young, growing, yet struggling, company sought to pave the way in an industry dominated by large traditional airlines, a sense of "camaraderie" took shape among those managers and employees who shared military experience. This created a corporate ethos that emphasized teamwork and loyalty, even though the majority of the workforce did not share military experience.

## Workforce Demographics

Historians have shown that the demographic dominance of white men in companies like Thompson Products and Boeing helped maintain a loyal workforce by fostering a corporate image as a fraternal community of hard-working men united by their economic fate during the 1930s.[33] Likewise, the workforce's whiteness and masculinity reinforced a fighting spirit at Federal Express, even though not all workers experienced it equally, as women and people of color began to join the workforce in the 1970s. While Fred Smith said in 1988, "There was a lot of camaraderie. I don't think it was exclusionary," it is difficult to know how this militaristic "camaraderie" did or did not exclude women and non-white people at Federal Express.[34] For example, Senior Vice President Tucker Taylor recalled the atmosphere of the early years by

[33] Sanford Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton University Press, 1997), 147-48; Polly Reed Myers, *Capitalist Family Values: Gender, Work, and Corporate Culture at Boeing* (University of Nebraska Press, 2015), 27-29.

[34] Fred Smith, interview.

saying, “There was awful macho environment down there, you know, trucks, airplanes, that sort of stuff.” He also used the term “fighter pilots’ stuff” more than once to describe the fighting spirit as a characteristic shown by the executives and pilots during the 1970s.[35] This indicates a connection between masculinity and the militaristic “camaraderie” shared by the founders. Paula Bass, who was a former Marketing Director and had worked for the Women’s Pilots Association’s journal before joining the company around 1973, explained that the environment was “horrible” and “terrible” with “a tremendous camaraderie between these hard-drinking guys” who were “very closely bound to each other and very dedicated to one another.” When the interviewer asked if there was a room for women to enter that close-knit community, she responded, "No. Not for one minute. No.”[36] These words demonstrate that the militaristic and masculine elements of the “camaraderie” cultivated by the executives and some pilots functioned exclusively from women’s perspectives.

In the early to mid-1970s, the Federal Express workforce was predominantly white. According to its report filed with the Equal Employment Opportunity Commission, 93 percent of its 1,017 workers were white in 1974, and Black people accounted for only 7 percent of its total employment. The numbers were not significantly different at the Memphis headquarters, where half of its employees worked, as 91 percent of them were white. Race and gender clearly characterized each occupation, too. For example, 93 percent of Federal Express officials and managers were white men, 6 percent were white women, and 97 percent of professionals were white men. In the EEOC classification, “professionals” included pilots, and they were at the core of Federal Express’s corporate identity as an airline. Such positions were almost exclusively

[35] Tucker Taylor, interview by Scott Ellsworth, July 21, 1988, box 10, FEAHC.

[36] Paula Bass, interview by Scott Ellsworth, July 27, 1988, box 10, FEAHC.

dominated by college-educated white men in the company's early years. Women were concentrated in office and clerical occupations, as 81 percent of such workers were white women, while Black women accounted for 7 percent of them. In Memphis, it was a little higher, with 10 percent of those workers being Black women. Indeed, the employee newspaper from this period often included photos of Black and white woman clerks and secretaries. Notably, in some volumes of these publications created by the Communication Department, women made up the majority of contributors. Skilled and semiskilled jobs were also dominated by white men, who occupied more than 90 percent of such positions, including drivers. One of the exceptions was Sue Hadley, who came to Federal Express in 1973 as the first female driver. Despite her struggles, she was promoted to Services Administrator for Data Systems in April 1983.[37]

In the early and mid-1970s, Federal Express hired a small number of Black men into management and professional roles. For example, while most managers and pilots were white men, the company hired James A. Perkins, the son of a foreman at a Firestone Tire Company factory in Memphis, as a regional personnel manager in 1974. Perkins, standing 6'4", played football at the historically Black Melrose High School in Memphis and Tuskegee Institute in Alabama, where he earned a degree in sociology in 1965. He then served in the Air Force during the Vietnam War before joining Federal Express and becoming the firm's first Black senior vice president in 1979.[38] Similarly, after enlisting in the Army and serving in the Vietnam War,

[37] "Federal's Sue Hadley Keeps Busy," *Update*, April 1983, box 3, folder 53, Sigafoos Papers.

[38] David J. Dent, "Overnight Sensation: James Perkins is on a Mission to Keep Federal Express at the Top of the Courier Service Industry," *Black Enterprise,* June 1988, 308-14; "Perkins Promoted at Federal Express," *Tri-State Defender,* June 23, 1979; Tuskegee Institute, *Tuskeana 1965* (Tuskegee Institute, 1965), Tuskegee University Archives, accessed March 11, 2026 chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://archive.tuskegee.edu/repository/wp-content/uploads/2020/11/393491573837-FINK-THE_STRATEGIC_SIGNIFICANCE.1-1.pdf

**TABLE 2 FEDERAL EXPRESS EMPLOYEE DEMOGRAPHICS, 1974**

| | White Men | White Women | Black Men | Black Women | Total |
|---|---|---|---|---|---|
| Officials and managers | 127 | 7 | 1 | 0 | 136 |
| Professionals | 189 | 1 | 4 | 0 | 195 |
| Technicians | 24 | 11 | 0 | 3 | 38 |
| Sales | 45 | 4 | 1 | 4 | 55 |
| Office and clerical | 13 | 123 | 3 | 10 | 151 |
| Craft | 97 | 2 | 7 | 0 | 107 |
| Operative | 242 | 5 | 12 | 0 | 261 |
| Laborer | 54 | 0 | 14 | 0 | 68 |
| Service | 0 | 0 | 6 | 0 | 6 |
| Total | 793 | 154 | 48 | 17 | 1017 |

**Source.** Employer Information Report (EEO-1), 1974, Employer Information Report Files, Records of the Equal Employment Opportunity Commission, National Archives at College Park - Electronic Records.

Carrol Waters began working at Federal Express in 1973 as the company's third pilot and the first Black person to do so.[39] These two men with military backgrounds, however, remained exceptions at Federal Express in the early to mid-1970s. Black men tended to be concentrated in unskilled jobs at the company, making up 21 percent of these positions, with almost no women in the occupation.

In the early 1970s, the predominance of white men left Federal Express behind its peers in Memphis. In the city's businesses, white women accounted for 13.3 percent, Black men for 4.9 percent, and Black women for 1.1 percent of all officials and managers in 1974.[40] All of

[39] FedEx, "Pioneers in Aviation," accessed January 19, 2026, https://www.fedex.com/en-us/about/diversity-inclusion/aviators-salute-black-history-month.html.

[40] Equal Employment Opportunity Commission, *Employment Profiles of Women and Minorities in 23 Metropolitan Areas 1974* (Equal Employment Opportunity Commission, Office of Planning, Research, and Systems, 1976).

these numbers, although much lower than the percentages of these groups in the city's population, were still more than double the figures at Federal Express headquarters. These statistics show that the dominance of white men supported the flight operations at the core of Federal Express's identity as an airline. If "trucks, airplanes, that sort of stuff" represented the "awful macho environment" that Tucker Taylor explained, whiteness also characterized the corporate atmosphere of "camaraderie" and bonded many workers together.

Finally, the relatively young age of its managers and workers reinforced the founding myth of the ambitious enterprise. Indeed, one characteristic shared by the various levels of the corporate pyramid, from executives and salaried managers to hourly employees, was age. *MGMT Memo*, Federal's newsletter for managers, reported in July 1980 that the average age of its full-time employees was 31 and that of part-timers was 26.6.[41] In November, the same newsletter identified the average age of Federal Express's supervisors as 30.49. This figure was based on a study in which twenty-seven companies participated in January and February 1980, and the average age of all supervisors in the same sample was 42.1.[42] Fred Smith was only 36 years old in 1980, too. Thus, as the article concluded, youthfulness characterized the overall workforce of Federal Express as much as it did its founder and the company itself, and managers were aware of it.

[41] "The Benefits Program: To Hire and Retain Good Employees," *MGMT Memo,* July 1980, box 3, folder 45, Sigafoos Papers.

[42] "Composite of the FEC Supervisor," *MGMT Memo*, November 1980, box 3, folder 45, Sigafoos papers.

## Formation of Progressive Identity

While the culture at Federal Express shares some traits with other large Sun Belt corporations, such as Walmart, the airline that employed many programmers and had military contracts also appears similar to high-tech companies from Silicon Valley. In fact, the cultural hostility toward the established postwar business world was a common trait among companies born in this period.[43] Both Walmart and Federal Express relied on the strong gravitational pull of charismatic founders and on a regionally oriented sentiment against the financial elites of Wall Street.[44] However, although Smith was from Memphis, other founders were raised and educated in the North. Because of the nature of its service, Federal Express's primary customers were not necessarily southerners, making it distinct from Walmart. Instead, it developed a progressive self-portrait because its managers and workers were relatively young and fought an imagined war against the United States government. It is notable that Smith founded Federal Express in 1971, the year when Don C. Hoedler, editor of *Microelectronics News*, named the region near San Jose, California, Silicon Valley.[45] Silicon Valley earned a reputation as a symbol of American entrepreneurial spirit, free from government interference, in which the narrative erases the role of military contracting in initiating and supporting parts of the region's high-tech industry. Similarly, when Federal Express executives appropriated the image of Vietnamese

[43] Historian Reuel Schiller has also pointed out that airline deregulation supporters' antipathy toward the state has its roots in the New Left during this period. Reuel Schiller, "The Curious Origins of Airline Deregulation: Economic Deregulation and the American Left," *Business History Review* 93 no.4 (2019): 731.

[44] See Bethany Moreton, *To Serve God and Walmart: The Making of Christian Free Enterprise* (Harvard University Press, 2010).

[45] Everett M. Rogers and Judith K. Larsen, *Silicon Valley Fever: Growth of High-Technology Culture* (Basic Books, 1984), 25-26.

soldiers by describing their fight against government regulation as guerrilla warfare, they muted the fact that the U.S. military was their single biggest customer.

Scholars have pointed out that Silicon Valley's venture companies in the 1970s stood in contrast to the bureaucratic businesses in the Northeast, typically run by men in suits.[46] The origins of Silicon Valley's entrepreneurs lay in the anti-authoritarian student culture at Stanford University and the University of California, Berkeley, during the 1960s and 1970s. Bethany Moreton also reminds us that small regional schools in the Sun Belt played a role as important as those prestigious institutions on the West Coast, preparing rural Protestant students to work for multinational corporate capital such as Walmart.[47] In the case of Federal Express, its counterculture drew on two sources. First and foremost, the founders and executives, many of whom were young, relatively wealthy white men with a military background, romanticized their fight against federal regulation and rival companies as a continuation of the Vietnam War. However, in reality, many had degrees from business schools in the Northeast and Midwest, benefiting from the traditional system of American business education. Second, the regional origin shaped its identity as a new dynamic venture. In the deindustrializing city of Memphis, local residents and workers embraced Federal Express as a powerful force to propel the city forward, symbolizing the future for the Southern community struggling to build a new industrial base and establish its identity. Thus, local media outlets, including African American newspapers, positively reported the corporate campaign to deregulate the air cargo industry.[48] In

[46] Glenna Matthews, *Silicon Valley, Women, and the California Dream: Gender, Class, and Opportunity in the Twentieth Century* (Stanford University Press, 2002), 208.

[47] Moreton, *To Serve God and Wal-Mart: The Making of Christian Free Enterprise*, 172.

[48] "Open Door: Veterans Bill Heads Legislative Package for '77," *Tri-State Defender,* January 8, 1977.

this context, the fight against the "external" forces, including rival companies, federal agencies, and deindustrialization, strengthened the internal bond among managers and workers, shaping the military-inspired culture of Federal Express.

The rivalry with United Parcel Service reinforced Federal Express's self-identified "progressive" workplace culture. UPS began operation in Seattle in 1907 and was organized by the Teamsters in San Francisco for the first time in 1918. Surprisingly, Fred Smith once considered forming a joint venture with UPS to bypass the process of establishing ground operations, but its CEO, Jim McLaughlin, immediately rejected the idea.[49] Still, Federal Express attempted to imitate Big Brown's field and sales operations by hiring a number of former UPS employees in the 1970s and 1980s, including Mike Basch, head of Sales and Customer Service, and Michael Fitzgerald.[50] Fitzgerald recalled that some of the key elements of Federal Express's operation derived from UPS, including a heavy reliance on young, part-time student workers at the hub. Economist Robert Sigafoos observed that its price schedules, report forms, and selling techniques were initially the same as those of UPS.[51] However, as the company grew, Federal Express developed its own culture by differentiating itself from its older, bigger, and unionized rival.[52] Federal Express's managers and supporters often depicted UPS as a traditional and conservative company in contrast to their own venture, with a much shorter history and a dramatic growth initiated by a young, innovative founder. For example, Roger Frock, the former

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[49] Roger Frock, *Changing How the World Does Business,* 57.

[50] Roger Frock, *Changing How the World Does Business,* 46-47, 180; Wetherbe, *The World on Time*, 123; Carl Williams also testified that many people in the higher up positions were from UPS in the interview. Carl Williams, interview.

[51] Sigafoos, *Absolutely, Positively, Overnight,* 60.

[52] Vance H. Trimble*, Overnight Success: Federal Express and Frederick Smith, Its Renegade Creator* (Crown Publishers Inc., 1993), 246-47.

General Manager, noted in his book that in the early 1970s, Federal Express's "sales force was made up of former UPS employees and former corporate jet salespeople." He characterized "the UPS mentality" as "very conservative - watch every penny," noting that it was unwilling to adopt new business approaches in favor of more established practices. However, as the company grew, those former UPS people "began moving away from the UPS approach toward tailoring their service to the unique needs of the priority small-package shipper."[53] Indeed, Frock explained that although Federal Express initially modeled its ground operations on UPS, it more flexibly adapted to the changing daily demands of its smaller customer base by modifying van routes and responding to irregular or infrequent shippers.[54] While taking advantage of the former UPS managers' experience and knowledge, the eventual departure from the rival's model consolidated Federal Express's identity as an ambitious venture that did not fear risk-taking to achieve long-term gains.

Thus, Federal Express managers came to view their approach as the antithesis of their well-established rival's "conservative" style, and its emphasis on innovative flexibility grew as a future-looking strategy to quickly adjust to changing market dynamics. When Fred Smith described its rise in the competitive market as a "guerrilla attack" on UPS in 1983, he stressed that Federal Express's "system flexibility and innovation" made its success possible.[55] Focusing on its customer-oriented flexibility free from industrial disputes, Frock and Smith advocated their venture as more progressive, modern, and innovative than the industry's old titan. In distinguishing itself from UPS, the company particularly reaffirmed its emphasis on speed. When

[53] Frock, *Changing How the World Does Business,* 74-76.

[54] Frock, *Changing How the World Does Business,* 171.

[55] "Smith, Willmott Praise Employees for Efforts," *Update*, January 1983, box 3, folder 54, Sigafoos Papers.

Federal Express anticipated UPS's entry into the overnight service, its 1983 business report included a section dedicated to "Countering the UPS Threat," and recognized the rival's move as "the biggest" threat "we have ever faced." UPS could bring "low prices, ease of use, huge customer base, and credibility" into the express market, potentially taking "almost half of" Federal Express's market share in the overnight service. However, the report concludes by pointing out "significant weaknesses inherent in the UPS image" that it was unable to deliver items as quickly as overnight, nor was its service the "speediest" in consumers' minds.[56] Here, the company tried to persuade its investors that speed was the most important product that gave it the strongest competitive advantage to win in the delivery industry.

Moreover, Roger Frock highlighted Federal Express's human resource management to set its approach apart from UPS. In his book, he introduced an episode about air conditioning in delivery vans. One day, a courier in Phoenix wrote to Fred Smith requesting AC in trucks, but executive Dennis Sweeney, a former Air Force veteran and UPS employee, replied, "I don't think they need it" because UPS did not provide it. Smith told him to go to Phoenix and ride the vans for a week to see the situation, and Sweeney returned saying, "Let's air-condition the vans."[57] The story emphasizes how Federal Express values employee feedback and prioritizes their comfort at work, unlike the authoritarian UPS. Speed and operational flexibility became key features of Federal Express's culture, enabling it to compete with UPS, where work rules were determined by the lengthy, time-consuming process of collective bargaining. Indeed, as scholars Daryl Wyckoff and David H. Maister discussed, Fred Smith believed that unionization

[56] Federal Express Corporation, Financial and Statistical Report, Second Quarter Supplement, Fiscal 1983, Financial Statistics (1980-1985), box 3, folder 36, Sigafoos Papers.

[57] Frock, *Changing How the World Does Business,* 204-5.

would destroy its flexibility.[58] As Federal Express expanded, flexibility—achieved by not having a union—became an important self-identified trait of the company, symbolizing its progressive environment. The ability to quickly adapt to the changing business landscape set it apart from the well-established trucking company that offered slower service.

Indeed, speed was Federal Express's specialty. The biggest appeal of its service was that customers' packages moved while they were asleep, and arrived at their destination as they started their day. The work was done overnight. The fast, invisible nighttime movement of products was the "small package revolution" the company promoted, as highlighted in one of its 1973 advertisements.[59] Another advertisement in the same campaign said, "Keep your packages up at night" so that they could use the items when they actually needed them, optimizing time efficiency.[60] After all, the strength and uniqueness of its service came from its quick handling of items, all managed exclusively within the Federal Express network without involving other carriers. USPS's overnight service relied on commercial airlines and air taxis, temporarily putting the items in the hands of other companies. Federal Express handled the packages throughout the entire journey, efficiently and quickly connecting air and surface transportation. It was more expensive but faster than other services, which is why customers chose to use Federal Express. Speed symbolized the company and its product. A local newspaper article even identified "speed" as the company's key concept when it explained how quickly it built the

[58] Daryl Wyckoff and David H. Maister, *The Domestic Airline Industry* (Lexington Books, 1977), 175.

[59] Federal Express, advertisement, *Press-Scimitar,* February 20, 1973.

[60] Federal Express, advertisement, *Press-Scimitar,* February 13, 1973.

sorting facility at the Memphis International Airport because "the company had no time to wait."[61]

Federal Express used the appeal of speed to recruit potential employees as well, by highlighting its rapid growth to attract individuals with a challenging spirit and strong ambition. Job postings from the 1970s emphasized the firm's fast growth, describing it as "a new expanding corporation," "the fastest all jet cargo freight service," "world's first small package all jet cargo airline," "a new growing company," "America's fast growing small package airline," "a young dynamic, growth-oriented Mid-South Company," "a dynamic growing company," and "a rapidly growing company." Because of the rapid expansion, the company emphasized in these advertisements that openings were "immediate" for accountants, secretaries, keypunch operators, programmers, personnel managers, marketing communications executives, cost systems managers, cash applications supervisors, product managers, aircraft technical illustrators, and software analysts, among others. Specifically, the personnel department aimed to attract highly motivated candidates by stating that it sought an "aggressive, responsible person," "a strong, high energy individual," and people who were "interested in a challenging position," or "a challenging opportunity."[62] Federal Express used the novelty and distinctiveness of its operations, along with the speed of its growth, to fill the ranks with ambitious individuals who embraced challenges. Such efforts complemented the militarily inspired portrayal of the

[61] Orville Hancock, "$3 Million Sorting Center Taking Shape at Airport," *Press-Scimitar,* February 28, 1973.

[62]Personnel Department, Federal Express Corp., job postings, *The Commercial Appeal,* April 22, 1973; July 1, 1973; December 30, 1973; January 13, 1974; February 10, 1974; April 14, 1974; April 27, 1974; September 22, 1974; October 6, 1974; October 27, 1974; August 17, 1975; August 20, 1975; August 24, 1975; September 14, 1975; October 26, 1975; May 2, 1976; October 18, 1976; December 5, 1976; January 23, 1977; July 17, 1977; September 25, 1977; Personnel Department, Federal Express Corp., job posting, *Atlanta Journal,* January 31, 1973.

company as a progressive organization, boldly venturing into the jungle of a competitive market and achieving rapid growth.

## Deregulation

Federal Express's political mobilization for air cargo deregulation began amid the broader debate over deregulation in the 1970s. During this era, free-market advocates won a dominant position in the political economy debate. Since the New Deal, academic economists and conservative businessmen had long worked to saturate public and political discourse with free-market ideas.[63] Their success coincided with the economic crisis of the 1970s, when postwar American economic growth stagnated, and monetarists exposed the limits of Keynesian economics.[64] These movements began to shift the political atmosphere in Washington in their favor in the early 1970s. At the same time, criticism of the Civil Aeronautics Board and its regulatory scheme was rising. The airline market, known for its volatility, was stabilized under the Civil Aeronautics Act, but the legislation also led to the "cartelization" of the industry, with ten major scheduled airlines flying to 430 cities. Academic studies confirmed the existence of an airline cartel in the United States as a result of regulation.[65] These criticisms grew particularly when the CAB implemented anticompetitive policies in response to the financial difficulties in the airline industry in the early 1970s. It discouraged competition on rates, routes, and services

[63] Angus Burgin, *The Great Persuasion: Reinventing Free Market Since The Depression* (Harvard University Press, 2012), 4-5; Kim Phillips-Fein, *Invisible Hands: The Businessmen's Crusade Against The New Deal* (W.W. Norton, 2009), xi-xii, 211

[64] Daniel T. Rodgers, *Age of Fracture* (Harvard University Press, 2011), 75-76.

[65] Thomas K. McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, and Alfred E. Kahn* (Belknap Press of Harvard University Press, 1984), 260, 264-65.

and restricted charter operations, dramatically tightening its regulatory policies. In late 1975, Senator Edward Kennedy announced that his Subcommittee on Administrative Practices and Procedure would hold investigative hearings on CAB regulation. Designed to favor deregulation, the hearings made the need to reform CAB regulation a widely shared opinion. The question was no longer whether to change the regulatory framework but how to do it.[66] The hearings also publicized the debate over airline deregulation, which had previously been an academic issue. As major newspapers, including *The New York Times*, *Washington Post*, and *Wall Street Journal*, reported every session of the hearings, questions about CAB regulation drew the attention of various interest groups and even the public.[67]

Fred Smith was not invited to testify at the Kennedy hearings in 1975, and Federal Express joined the national debate later than other players who occupied central positions in the conversation.[68] A writer in *Fortune* summarized the groups that supported the reform as "an odd coalition of academic economists, Naderite consumerists, liberal Democrats, and conservative Republicans."[69] While professional economists led the movement in its early stages, several government agencies, including the CAB, began to support it in the mid- and late-1970s. Ralph Nader led consumer groups, endorsing reform initiatives while opposing the elimination of regulations.[70] The Ford and, particularly, the Carter presidential administrations also played a

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[66] Anthony E. Brown, *The Politics of Airline Deregulation* (University of Tennessee Press, 1987), 97-98, 107.

[67] Richard H. K. Vietor, *Contrived Competition: Regulation and Deregulation in America* (Belknap Press, 1994), 52.

[68] *Oversight of Civil Aeronautics Board Practices and Procedures: Hearings on Oversight of Civil Aeronautics Board Practices and Procedures, Before the Subcommittee on Administrative Practice and Procedure of the Committee on the Judiciary*, 94th Cong. (1975).

[69] Cited in McCraw, *Prophets of Regulation*, 268.

[70] Vietor, *Contrived Competition: Regulation and Deregulation in America*, 54.

role in forming a coalition of various interest groups in support of deregulation. In addition, a handful of airlines cautiously supported deregulation: For example, Pan American, which had repeatedly applied to fly new domestic routes only to be denied, favored deregulation.[71] United Airlines also started to waver, sensing an opportunity to grow or dominate the market between 1975 and 1977.[72] However, most large airlines, such as Eastern and American, remained firmly against deregulation. They feared that the entry of new carriers and the resulting increased competition would threaten their profits and financially damage their businesses, which were already in poor condition.[73] Further, labor unions vehemently opposed deregulation and presented their concerns about its impact on job security, wages, and safety at Congressional hearings in 1976 and 1977.[74] Compared with these notable individuals and organizations, the presence of unregulated air taxi carriers such as Federal Express was negligible, at least until the final phase of the debate. The discussion centered on the scheduled passenger carriers, and air cargo never captured people's attention.

While Fred Smith was not a major player in the airline industry or in the debate over deregulation, his young company's efforts to establish connections and a presence in Washington by participating in Congressional hearings were remarkable. Between March 1976 and October 1977, Smith and his Washington representative, Nathaniel Breed, appeared at least nine times at hearings on aviation regulations. Federal Express also lobbied hard to win over key politicians,

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[71] Brown, *The Politics of Airline Deregulation*, 103, 104.

[72] Vietor, *Contrived Competition,* 53.

[73] Elizabeth E. Bailey, David R. Graham, and Daniel P. Kaplan, *Deregulating the Airlines* (MIT Press, 1985), 32.

[74] Brown, *The Politics of Airline Deregulation*, 104.

including Howard Cannon of Nevada.[75] Managers also discussed the importance of deregulation internally at employee briefings and urged workers to write letters to their Congressional representatives, such as Senators Howard Baker and Bill Brock of Tennessee, to support air cargo deregulation bills.[76] Byron Hogue, Director of Government Affairs, explained in the company's periodical that the close relationship between management and employees was critical to this campaign, as "[t]he people of this company understood the success of the company and the individual depended on the removal of these regulations. They were committed to the growth of Federal Express." By frequently informing employees of the progress and problems of the political campaign, the company successfully made its workers "very supportive and cooperative in what we've asked them to do."[77] Journalists reported Federal Express's heavy lobbying. In September 1976, *Business Week* cited Leo Seybold, Vice President for Federal Affairs at the Air Transport Association, who stated that Federal Express had "pretty well greased the way" for air cargo deregulation, and that, as a result of their lobbying, he could "find no one in Congress who is really opposed to it." The same article noted that the company's impact dismayed ATA's director of cargo services, G. J. Godbout, who said, "We weren't taking them all that seriously when the bill first came up, but now it is getting pretty damned serious. This could tear down the whole air cargo system."[78] Federal Express also invested in public

[75] Sigafoos, *Absolutely, Positively, Overnight,* 112.

[76] Photographs in the first ten years album, circa. 1976, box 25, FEAHC.

[77] "Government Relations Brings FEC Into Political Arena," *Update*, October 1981, box 3, folder 54, Sigafoos Papers.

[78] "Why Airlines Fear the 'Federal Express Bill'," *BusinessWeek,* September 13, 1976, 116.

relations to gain popular support and sent its customers hundreds of thousands of brochures quoting newspaper articles that advocated deregulation.[79]

In his testimony, Smith presented his business as progressive and new, born out of unmet demand for speed in the changing industrial landscape of the United States. Smith described the industrial developments of the postwar decades, noting that "the basic components of growth of our national product since 1945 has not come from the traditional industries," but instead "our society's well-being has basically been centered around high-technology industries." Here, Smith proudly claimed, "[W]e certainly are representative of filling a demand of the changed circumstances that our society has evolved into in the decade of the 1970s."[80] Specifically, he connected the express shipping service to just-in-time inventory management, arguing that the well-controlled, fast movement of items would help high-tech businesses efficiently manage their inventories without wastefully stockpiling them.[81] For example, in a document that Federal Express presented to the CAB, the company listed as its primary users medical, electronics (Xerox), and computer (IBM) industries, all of which needed to ship high-value, small parts and supplies by air.[82] The company's president, Arthur C. Bass, similarly explained that Federal Express grew thanks to the rising high-tech industry, stating, "[W]e have captured the minds of

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[79] Sigafoos, *Absolutely, Positively, Overnight,* 112, 16.

[80] Aviation Regulatory Reform: Hearings on H.R. 8813 Before the Subcommittee on Aviation of the Committee on Public Works and Transportation, 95th Cong. 1248 (1977). (statement of Frederick W. Smith, Chairman of the Board and Chief Executive Officer, Federal Express Corp.).

[81] Smith, testimony *on Aviation Regulatory Reform.*

[82] In a corporate report from 1976, the company listed component parts and finished goods as the regular use of overnight parcel delivery and thus front-office management largely ignored Federal's service. Developing a Greater Potential For Federal Express, November 1976, box 4, FEAHC; *Amend the Federal Aviation Act of 1958, Relating to Granting Relief by Exemption: Hearing on S. 3684, Before the Subcommittee on Aviation of the Comm. on Commerce,* 94th Cong. 18, 27 (1976) (statement of Frederick W. Smith, Chairman of the Board, Federal Express Corp.).

people, particularly in high-tech areas, who keep inventories down."[83] Smith also included the growing financial and advertising industries among its major customers, which needed to ship important documents as fast as possible.[84] By placing Federal Express's fast operations within the context of these industry shifts, Smith emphasized the critical role of his company in the nation's capitalist development. In the world Smith described in his testimonies, speed and flexibility were always counted as virtues.

Notably, Smith made a compelling case that the air cargo industry needed a completely different regulatory framework from the established one centered around passenger airlines. In mid-1976, lawmakers began discussing expanding CAB's authority to allow carriers to fly larger jets in certain cases. Senators Howard Baker and Bill Brock of Tennessee wrote a bill to authorize the CAB to grant larger exemptions from the regulation for all-cargo operations, and Senator Brock explained that Federal Express would immediately benefit from such an amendment to the Federal Aviation Act.[85] Similarly, when Representative Milford Dale of Texas submitted a bill to facilitate the authorization of an all-cargo service, John W. Barnum, Deputy Secretary of the Department of Transportation, claimed, "Although this bill is written in general terms, it is intended in fact to aid Federal Express in its request to operate larger planes than can now be operated pursuant to the exemption established under section 416 for commuter air carriers."[86] Large airlines, as well as Federal's competitor Flying Tiger, opposed these bills and

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[83] "Federal Express Rides the Small-Package Boom," *Business Week*, March 31, 1980, 110.

[84] *Regulatory Reform in Air Transportation: Hearings on S. 2551, S. 3364, S. 3536, Before the Subcommittee on Aviation of the Comm. on Commerce,* 94th Cong. 550 (1976) (statement of Frederick W. Smith, Chairman of the Board, Federal Express Corp.).

[85] *Amend the Federal Aviation Act of 1958, Relating to Granting Relief by Exemption: Hearing on S. 3684, Before the Subcommittee on Aviation of the Committee on Commerce,* 94th Cong. 4 (1976) (statement of Bill Brock, U.S. Senator from Tennessee).

[86] *To Broaden the Power of the Civil Aeronautics Board to Grant Relief by Exemption in Certain Cases:*

described them as "special interest legislation."[87] A political rivalry between Senator Howard Cannon of Nevada and Glenn Anderson of California, whose district was home to many Flying Tiger employees, killed the "Federal Express Relief Bill" in October 1976.

While Smith's argument that his company's fast service was "unique" and thus deserved the exemption fed the myth that Federal Express had started a new industry, representatives of other companies refuted it. Robert W. Prescott, president of the Flying Tiger Line, criticized Smith's demands for legislative relief, which, according to him, "the alleged predicament of Federal Express provided the stimulus for." Explicitly contesting the argument that Federal Express's service was "unique," Prescott pointed out that 70 percent of the company's cargoes had been previously transported by certified airfreight forwarders. In this logic, the uniqueness of Federal Express did not come from its service itself but from its use of exempted small planes. Thus, Prescott insisted that legislative relief would diminish this characteristic by allowing the company to operate larger aircraft. Because its operation was free from regulation, Prescott revealed, Federal Express could increase rates more capriciously than certified carriers. He noted that its rates doubled between April 1973 and August 1976, while certified carriers were allowed to increase rates only by 45 percent during the same period.[88] Smith spoke as if his company's success rested on its uniqueness, progressive thinking, and innovative ideas, and used this to justify his demand for the exemption. This fueled, and was fueled by, the notion that they were fighting a war against the federal government and older companies that treated them unfairly.

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*Hearings on H.R. 14623, Before the Subcommittee on Aviation of the Comm. on Public Works and Transportation,* 94th Cong. 4 (1976) (statement of John W. Barnum, Deputy Secretary, U.S. Transportation).

[87] Sigafoos, *Absolutely, Positively, Overnight,* 111.

[88] *Amend the Federal Aviation Act of 1958, Relating to Granting Relief by Exemption: Hearing on S. 3684, Before the Subcommittee on Aviation of the Comm. on Commerce,* 94th Cong. 44, 48 (1976) (statement of Robert W. Prescott, President and Chief Executive Officer, The Flying Tiger Line, Inc.).

However, as Prescott correctly discussed, it was not what the company did but how it did it that helped corporate growth. Although Federal Express promoted its speed as a progressive, new, one-of-a-kind contribution to American economic growth, it was winning the competition by sneaking into a market that already existed without following the rules that restricted other companies.

The atmosphere in Washington clearly favored Federal Express. When Jimmy Carter took office in January 1977, he made deregulation a top priority, asking Congress for support. In the same year, three air cargo deregulation bills were introduced. Senators Cannon and Edward Kennedy sponsored S689, and Senators James B. Pearson and Howard Baker introduced S292 earlier in the year. Congressman Glenn Anderson sponsored HR8813 in August. In October 1977, one year before Congress deregulated the airline industry as a whole, advocates in Washington conducted what one journalist called "a kind of legislative dress rehearsal." They pushed legislation to allow cargo carriers to buy large aircraft and set their own rates, opening the market to competition.[89] The House and Senate both approved it by voice vote, and President Carter signed it into law on November 9. Immediately, Smith purchased seven Boeing 727s and rapidly expanded Federal Express's operations.[90] While many other airlines, including Federal Express's primary rival, Flying Tiger, faced financial turmoil after deregulation, Federal Express's success in beating out the competition was exceptional. Starting as a marginal actor in the deregulation debate, Federal Express became one of the few air carriers to immediately benefit from the legislation.

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[89] Thomas Petzinger, Jr. *Hard Landing: The Epic Contest for Power and Profits that Plunged the Airlines into Chaos* (Times Books, 1995), 365.

[90] Binyamin Applebaum, *The Economists' Hour: False Prophets, Free Markets, and the Fracture of Society* (Little, Brown and Company, 2019), 175.

During the early- to mid-1970s, political, financial, and marketing efforts all helped shape Federal Express's corporate culture, centered on a self-identity as a guerrilla army charging into the jungle with a unique new tool—fast service. For Smith and his fellow executives, the venture company symbolized the culmination of their hard work, innovative thinking, mutual dedication, and ambition. It is significant that Smith and his fellow executives and managers, some pilots and engineers, and one of its lobbyists were veterans of the Vietnam War. Smith, after coming back to the United States, was fighting the imaginary "war" against the federal government and the powerful, established unionized airlines. In this process, he appropriated the image of the Vietnamese people fighting against the U.S. government. He problematically compared his company to the National Liberation Front he had fought in Vietnam and heroically depicted the venture as a "guerrilla" force, erasing the complexities of racial, economic, and political relations of Western colonialism in Southeast Asia. The value of guerrilla-like perseverance in business is captured in a well-known quote by Smith: "If you keep working at it, in the last analysis, you win. We're like the old Ho Chi Minh. They've got to kill us 100 times. All we have to do is kill them once."[91] By appropriating the Vietnamese people's military struggle through the American lens, people at Federal Express, especially its veteran executives, fostered pride in its culture and service. Speed became the company's symbol not only because of the express delivery it provided but also because of its rapid growth, which symbolized its youthful and forward-looking culture. The success of the legislative effort reaffirmed this self-

[91] Cited in Sigafoos, *Absolutely, Positively, Overnight,* 115. In an essay that Smith wrote to open John Zorack's book in 1990, he began with a similar quote by Winston Churchill: "Politics are almost as existing as war, and quite as dangerous. In war, you can only be killed once, but in politics, many times." Zorack, *The Lobbying Handbook*, 94-99.

image, uniting its executives, managers, and employees behind the ambitious project emerging from the economically struggling southern community.

## CHAPTER 4

## FAST PACED WORK: LABOR AT THE HUB, 1973- 1978

In March 1974, Thomas Patterson began working at the Federal Express "hub" in Memphis as an unloader. Little is known about Patterson's background—he lived on Merriwether Avenue, one block from Dixie Homes, the first New Deal public housing project for African American residents in Memphis. In 1970, 70 percent of the neighborhood's residents were still African American.[1] As one of the eighty-one employees at the hub, he unloaded packages from aircraft into containers, usually with one or two other men, in the middle of the dark Memphis night. The job assignment was not rigidly fixed. Typically, the company assigned unloading to newly hired men. The unloader shift began at 11:45 PM, just before the first Federal Express plane – a small Falcon jet – arrived in Memphis. They used small, mechanically operated carts called "tugs" to lift containers to the aircraft parked parallel to the hub, a long, narrow warehouse building approximately 1,200 feet long and 300 feet wide. An observer once compared the lineup of airplanes with dairy cows in a milk barn. Inside the plane, a man manually placed packages into the containers before setting them on the ground, where two men received them. Until air cargo deregulation allowed the company to fly larger aircraft and place containers on board, workers unloaded packages by hand.[2] Once the aircraft was empty, the unloaders either went to unload another plane or took a break.[3]

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[1] Census 1970.

[2] Robert A. Sigafoos with Roger R. Easson, *Absolutely, Positively Overnight!: The Unofficial Corporate History of Federal Express*, second ed., (St. Lukes Press, 1988),17.

[3] Testimony of Thomas Patterson, Before the National Mediation Board in the Matter of International Brotherhood of Teamsters Airline Division and Federal Express Corporation, July 23, 1975, box 9, folder 2, FedEx and IBT, National Mediation Board, Representation Case File R-4521, National Archives at College Park, College Park (hereafter cited as NMB R-4521), 68-76, 80.

Meanwhile, one of the four workers called "shuttle men" transported containers filled with packages to high-speed conveyor belts inside the hub. Patterson recalled that four sorters removed packages from the containers and placed them on one of six belts. Subsequently, four more sorters distributed the packages onto one of the other five belts based on the destination city. As Wal-Mart introduced "a revolutionary conveyor system" at its distribution center in 1978, automated belts helped American industries streamline logistical operations in this era.[4] At the Memphis hub, the computer-controlled apparatus sorted parcels at a rate of 10,000 per hour, reducing internal hauling costs and increasing processing speed. Twelve additional sorters directed the boxes down respective slides off the belt to one of the eighteen or nineteen checkers who inspected each box by address and stamped it. The checkers, who received the top wage rate at the hub, then placed the packages into a container according to their destination. Once full, the container was weighed and transported to one of the dozens of "staging areas."[5]

The sorting facility perfectly adhered to the four "basic fundamentals of modern warehousing" outlined by the Federal Supply Service in its warehouse handbook. It used "one-story type of building," "direct-flow, assembly-line principle," "pallets and materials handling equipment," and "effective warehouse and storage layout plan," aimed at maximum cost efficiency.[6] Nonetheless, the Memphis hub saw itself apart from warehouses for manufacturers, retailers, and even other freight shippers. The continuous flow without "dwell time" defined Federal Express's operations. While warehouses traditionally handled both sorting and storage,

[4] Wal-Mart Stores, Inc., *1978 Annual Report,* 10; Nelson Lichtenstein, *The Retail Revolution: How Wal-Mart Created a Brave New World of Business* (Metropolitan Books, 2009), 38.

[5] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 70-81.

[6] Office of Supply Distribution, Federal Supply Service, General Services Administration, *Warehouse Operations* (U.S. Government Printing Office, 1969), 5.

and expanded their functions with globalization, the focus on overnight shipping meant items were not supposed to stay in the Memphis hub for more than a few hours.[7] In the 1970s, Wal-Mart famously introduced its own logistics system by designing each distribution center not "as a warehouse per se, but solely as a redistribution point for bulk merchandise received in truckload and carload lots."[8] With this technique, Sam Walton sought to keep his merchandise constantly moving to minimize inventory costs, thereby embodying the concept of just-in-time logistics.[9] Then, Federal Express's hub operation extracted the core of this idea of ceaseless commodity movement by substituting for the transportation process, especially for industries that handled high-value products. The epitome of efficient inventory management was distilled into the three hours of high-speed nighttime operation at the hub, where items never stayed in one place.

If the weather was good, sorting all the packages for the night typically took two hours and 45 minutes. Patterson described the time precisely, demonstrating the time-sensitive nature of the hub operation. By around 3 AM, when sorting concluded, workers—including unloaders, sorters, and checkers—were grouped into pairs. Each pair was responsible for attaching containers destined for the same flight to a tug. The containers were lifted to the doors of small airplanes, where workers manually placed packages inside. One worker in each pair, usually the one with less seniority and referred to as the "crew," threw packages to the other, known as the "captain," who loaded the aircraft. Although the National Mediation Board classified all hub labor as "unskilled," team captains needed to know how to balance the load in an aircraft. The company

[7] For the discussion of the history of the warehouse, see Dara Orenstein, *Out of Stock: The Warehouse in the History of Capitalism* (University of Chicago Press, 2019).

[8] Wal-Mart Stores, Inc., *1975 Annual Report,* 2.

[9] Lichtenstein, *Retail Revolution,* 38, 40.

offered no training for this task, leaving team captains, including Patterson, to "just use my judgement" and "do the best I can." The loading process typically took about twenty minutes per plane.[10] Around 6 AM, workers began cleaning up. They tidied the hub facilities and cafeteria, swept the building floor, and organized the equipment. With all tasks completed, employees spent the remainder of the night—or morning—taking breaks, sleeping, or eating until their shift ended at 8:15 AM. Patterson was able to provide a comprehensive overview of this speed-centered, late-night hub operation because he had worked as an unloader for the first three months, as a sorter for the following ten months, and was then promoted to checker in the winter of 1975, just before giving testimony to the National Mediation Board in the summer of 1975 on behalf of the International Brotherhood of Teamsters.[11]

This chapter will examine the operation of the "hub-and-spoke" system and workers' experience within it. While Fred Smith presented the system as a beautiful integration of air and ground transportation, internal operations proved disorganized, stressful, and reliant on workers' on-the-spot adjustments in its early years. The system sacrificed workers' safety, work hours, and employment security in exchange for the guaranteed fast movement of items. Federal Express accomplished this by recruiting young male Memphians whose schedules and employment status it could control more "flexibly" than those of older workers who expected long-term, secure employment with families to support. Young workers, just starting their careers without a strong commitment to the company, offered greater flexibility in building an efficient express network. The heavy reliance on part-time workers for frontline operations demonstrated the longstanding

[10] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 79-86, 125.

[11] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 93-97.

nature of the express shipping industry, which requires a pool of workers available and willing to work irregular hours without full-time benefits and fixed schedules. The company recognized that maintaining control over the entire operation without unions was necessary to achieve ceaseless, high-speed operations and win the competition in the highly unionized transportation industry. Its antiunion effort, however, proved ineffective in the 1970s, when unions began organizing the workplace with support from some sorters and pilots. This early conflict with organized labor prompted corporate leaders to recognize the need for more robust employment programs to ensure fast, flexible shipping without the risk of industrial disputes.

## Flexible Operations at the Hub, in Flight, and with Vans

Between the mid-1960s and 1980s, the American transportation and warehouse industry underwent historic changes. The consolidation of small, regional trucking firms following deregulation led to the emergence of large national operations. Pressured by slow growth and high inflation, companies automated parts of the sorting and transportation processes and sought to increase productivity by exerting greater control over workers' performance. New technologies, such as conveyor belts at the Federal Express facility, were introduced to maximize speed and efficiency, but also exposed workers to physical hazards and psychological exhaustion. Facing these challenges, the national leadership of the International Brotherhood of Teamsters struggled to protect workers' wages, benefits, and job control amid internal efforts to combat corruption.[12] In particular, United Parcel Service (UPS), which would become Federal Express's main rival in

[12] Dan La Botz, "The Tumultuous Teamsters of the 1970s," in *Rebel Rank and File: Labor Militancy and Revolt from Below During the Long 1970s,* ed. Aaron Brenner, Robert Brenner and Cal Winslow, (Verso, 2010), 199-202, 207-8.

the 1980s, implemented what historian Dan La Botz has called a "totalitarian" workplace regime in the 1970s to enhance productivity and maintain strict control over drivers and sorters. Using behavioral science, speed-centered incentive systems, and machines, UPS overworked employees and increased their risk of workplace injury and death.[13]

In addition to emphasizing UPS-like speedups and maximizing production efficiency, the early operation of the Federal Express hub depended on flexibility, reflecting the principles of lean production—a concept that would be further promoted as the market-driven economy expanded. To deliver packages within twenty-four hours while adjusting to fluctuating volumes each night, flexibility was essential. Unions played no role here. In Federal Express's view, a rigid workplace system, dictated by a union's collective bargaining agreement, would contradict the flexible approach required for delivery and sorting processes.[14] The hub facility required unloaders to work quickly, sorters to keep pace with the conveyor belts, and all workers to properly load packages onto aircraft under the pressure of "absolutely, positively, overnight." The improvisational nature of the operation meant that break times changed every night based on the number of packages. Only seven managers oversaw the 8-acre hub, including one director, two assistant managers, and four supervisors.[15] The automatic speed of the conveyor belts, rather than human oversight, dictated the pace of work at the hub.

Moreover, the hub operation depended heavily on the flexible, part-time labor of Memphians. Scholars note that the logistics revolution in business, along with the deregulation

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[13] Dan La Botz, *Rank-and-File Rebellion: Teamsters for a Democratic Union* (Verso, 1990), 210-14, 216.

[14] For the discussion of unions and flexible operation, see David Harvey, *A Brief History of Neoliberalism* (Oxford University Press, 2005), chapter 3.

[15] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 107.

of transportation, accelerated the decline of unions, which both caused and was caused by the increased use of unstable forms of labor.[16] Technological advances enabled businesses to employ a less skilled, "cheap" workforce for logistical tasks, as seen in the U.S. military's exploitation of workers of color in Korea and later Vietnam.[17] In the case of Federal Express, the hub operation required high-speed labor, for only a short period at night, making workers' schedule flexibility a key value they offered to the company. An employee roster dated July 18, 1975, listed ninety workers—including nine supervisors—for "Hub Operations," and sixty of those names were followed by "PT," indicating part-time status. Half of the workers supported the hub operation at the bottom of the corporate hierarchy under the job title of "Unloader." Of the forty-five unloaders, forty-four were part-timers.[18]

While UPS and the Teamsters Union, especially its rank-and-file reformers, fiercely contested the push for more part-time workers, leading to a thirteen-week strike on the East Coast in 1976, Federal Express began its operations with a heavy reliance on overnight part-timers.[19] Full-timers were guaranteed an eight-hour day, while part-timers usually worked three to four hours a night, depending on package volume. As Thomas Patterson explained, part-timers "work until they are no longer needed." Indeed, on nights with fewer flights, management sent

[16] Edna Bonacich and Jake Wilson, *Getting the Goods : Ports, Labor, and the Logistics Revolution* (Cornell University Press, 2008), 159-60; Deborah Cowen, *The Deadly Life of Logistics: Mapping Violence in Global Trade* (University of Minnesota Press, 2014), 98.

[17] Patrick Chung, "From Korea to Vietnam: Local Labor, Multinational Capital, and the Evolution of US Military Logistics, 1950–97," *Radical History Review* 2019, no. 133 (2019): 32-36, 43.

[18] Federal Express Staffing Report, submitted by Federal Express to NMB, box 1, folder 4, NMB R-4521.

[19] Joe Allen, *The Package King: A Rank-and-File History of UPS* (Haymarket Books, 2020), Ch.4.

part-time unloaders home before 3 AM once sorting was finished.[20] The company's financial instability in the early months of operation revealed how vulnerable part-timers were. Patterson recalled that management once laid off "22 or 25 part-timers" so they could "make room for 15 pilots" and "about that many mechanics" with seniority but no work because of decreased package volume.[21] Patterson also testified that part-timers had high turnover at Federal Express.[22] Full-timers enjoyed comprehensive company benefits, including paid holidays, sick leave, and health insurance, while part-timers received half of these benefits. According to company executive Michael Fitzgerald, the highest-paid hourly hub employees earned $4.10 per hour, which is significantly higher than the national minimum wage of $1.60 but less than half of what workers at the unionized Firestone Tire & Rubber Co. factory in Memphis made.[23] The company's on-time delivery also relied on part-time labor of so-called "couriers" or drivers. In July 1975, Federal Express employed 415 couriers nationwide, 19-23 percent of whom were part-timers.[24]

Most of the frontline workers at the hub were young, predominantly white men. According to a 1974 report the company submitted to the Equal Employment Opportunity Commission, of the 178 workers classified as skilled craftsmen, semiskilled operatives, and unskilled laborers, 176

[20] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 127.

[21] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 144.

[22] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 98.

[23] Testimony of Michael Fitzgerald, Before the National Mediation Board in the Matter of International Brotherhood of Teamsters Airline Division and Federal Express Corporation, July 24, 1975, box 9, folder 3, NMB R-4521, 318-21; William Fuller, "Many Laid Off From Firestone Face Bleak Job Market Reality," *The Commercial Appeal*, June 12, 1983.

[24] Federal Express Staffing Report, box 1, folder 4, NMB R-4521.

were men. Twenty-two of them were Black men, making up 12 percent of the blue-collar positions.[25] Examination of the names and addresses left on union authorization cards filled out by workers indicates that a significant number were recent high school graduates, born in Memphis or nearby areas in the early 1950s. Thus, many of these young baby boomers in their late teens and early twenties were likely working their first jobs, and some may have been students employed by the company at night while attending school during the day. Many lived with their parents and were recently married or about to get married, as their names often appeared in the wedding announcements section of the local newspaper during the 1970s.[26] Those young workers were unlikely to have been involved in labor unions, although they grew up witnessing, and perhaps supporting, the African American freedom movement in the South, which was closely connected to the local labor movement in Memphis. Their schools were desegregated during their adolescence, but the city's racially segregated landscape remained largely unchanged. While some of the workers lived in predominantly white suburbs, such as Germantown and East Memphis, others resided in or near the downtown, where the African American population was concentrated.[27] Thus, the frontline operations of the overnight service depended on the availability of young Black and white men of Memphis, who had just started their careers after high school, possibly with no expectations of a long-term commitment yet.

[25] Equal Employment Opportunity Commission. Office of Research, Information and Planning, Employer Information Report Files, 1974, National Archives at College Park.

[26] I looked up their names and addresses on Ancestry.com and Newspaper.com. Copies of authorization cards attached to the IBT Airline Division's Application for Investigation of Representation Dispute, submitted to the National Mediation Board, April 14, 1975; Copies of authorization cards attached to letters from Marvin L. Griswold to Rowland Quinn, Jr., July 17, July 22, August 29, September 11, 1975, submitted by IBT to NMB box 1, folder 1, NMB R-4521.

[27] Census 1970.

Although hub sorters did not publicly criticize their employer, James Harrison, a pro-union pilot, voiced concerns about the company's time-sensitive operation in the 1970s. A pilot's typical shift began around 2:30 AM, with departure from Memphis at 3:30 AM. After a six- to eight-hour flight, he would arrive at his destination, where he was expected to rest during the day. His return flight would depart at night, arriving back in Memphis at 1:30 AM. Just twenty-five hours later, his workday would start anew. The irregularity of the work hours was not unique to Federal Express pilots. Airline pilots worked day and night, averaging eighty-five hours per month, under Federal Aviation Administration regulations.[28] However, Harrison noted that management had begun pairing up shorter trips for pilots, which legally required no rest period, to "get more utilization out of us." With the company prioritizing speed and punctuality, each crew felt "pitted against all others in keeping schedule." These overscheduled pilots found it increasingly difficult to ensure the safety of their operations, heightening the sense of exploitation. Harrison cited a near-deadly accident on September 27, 1975, as evidence of the risks associated with these scheduling problems. A 51-year-old Air Force veteran with 1,716 flight hours mistakenly confused runways at T.F. Green International Airport in Warwick, Rhode Island, before taking off for Memphis, and collided his DC-9 with a parked Boeing 727.[29]

While pilot salaries at Federal Express were not below the living wage, the working conditions specific to the all-cargo operation became a significant source of dissatisfaction

[28] U.S. Department of Labor and Bureau of Labor Statistics, *Occupational Outlook Handbook, 1976-77* (GPO, 1976), 285.

[29] James Harrison to Al Bonner, October 3, 1975, box 3, folder 1, ALPA Union of Professional Airmen, Walter P. Reuther Library, Detroit (hereafter cited as UPA); "The NTSB aviation accident database," National Transportation Safety Board, accessed May 5, 2025, https://www.ntsb.gov/Pages/brief.aspx?ev_id=50418&key=0.

among employees. In August 1974, the company paid its captains over $19,000 annually, with co-pilots earning more than $12,000 per year.[30] These figures, while higher than those of Federal Express non-management employees, were still lower than the national average. The Occupational Outlook Handbook reported that the annual salary for all airline pilots in 1974 averaged $38,200.[31] Unlike pilots who worked for certified major airlines, Federal Express's pilots were tasked with handling cargo loading and unloading themselves at destination airports within a short timeframe after their demanding flight operations. In September 1974, a captain reported to the chairmen of the Air Line Pilots Association that "crew loads and unloads payload of 6,000 pounds maximum" and that "low cabin ceiling requires working in a stooped position—hard on back and conducive to hernias." Each stop lasted only twenty minutes, making it "a hazardous operation." [32] The company adopted small aircraft so it could operate as an air taxi outside air cargo regulations, which forced pilots to work in a restricted environment. The use of pilots' physical labor, coupled with an emphasis on time sensitivity, supported Federal Express's commitment to speed and punctuality, the cornerstones of its overnight express service.

In the morning, couriers and handlers at airports or stations usually spent between twenty minutes and an hour, depending on the available workforce, picking up packages unloaded from trucks. They would sort the packages and load those destined for addresses along their routes into vans leased from Hertz in the early 1970s. Management emphasized shortening the morning sorting time to maximize couriers' time on the road. Once the van was fully loaded, couriers would

[30] Scruggs A. Colvin, to Captain J. J. O'Donnell, September 4, 1974, box 3, folder 1, UPA.

[31] *Occupational Outlook Handbook*, 1976-77, 285.

[32] Scruggs A. Colvin, to Captain J. J. O'Donnell, September 4, 1974, box 3, folder 1, UPA.

make a notation on their timecard, “Left building” and begin driving. On average, a courier would make twenty-seven to thirty stops to deliver approximately forty-five to fifty packages per day while also picking up new ones. However, the actual number of stops and packages could vary significantly depending on the time and location. Executive Michael Fitzgerald noted that couriers typically spent 6.5 hours behind the wheel during their ten-hour workday, including the lunch hour. In addition to delivering packages, Federal Express couriers also served as salespeople, promoting the company’s services at each stop. Upon returning to the station, couriers would record “Return Building” on their timecard and note the duration of their time on the road that day. Filling out the timecard was another task, as the company required extensive information about their work, including the number of packages delivered, stops made, mileage, and hours worked.[33] Couriers could be either full-time or part-time employees, and, similar to the hub, station managers would send part-time couriers home if there was no work. Most part-time workers in the Federal Express system worked daily, though for fewer hours than full-timers.[34]

Despite its claim that Federal Express was an airline, management trumpeted the importance of its four hundred couriers nationwide as the backbone of the operation. While pilots’ and hub workers’ labor occurred during late-night and early-morning hours out of public view, couriers picked up and delivered packages to customers during the daytime, making their work the most visible aspect of the system. As a result, they represented the company directly to the public as service providers. Michael Fitzgerald summarized this idea by stating, “They become the most important because, by far, they are the most exposed.”[35] Management told

[33] Testimony of Michael Fitzgerald, July 24, 1975, NMB R-4521, 281-301.

[34] Testimony of Michael Fitzgerald, July 24, 1975, NMB R-4521, 310-11.

[35] Testimony of Michael Fitzgerald, July 24, 1975, NMB R-4521, 272.

couriers they were "the front line of the company; that they are the ones that sell the company."[36] Federal Express's job postings for couriers often required applicants to "have some sales and driving experience" or at least considered both experiences "desirable."[37] They also trained couriers not only as drivers but also as salespeople to collect more packages from customers to expand business opportunities. Federal Express's four-day courier orientation included a sales program taught by former sales representatives, along with training in hazardous materials handling, paperwork procedures, and driving skills. Management expected couriers to use customer interactions to generate new business, distinguishing their role from other parts of the logistics system. When the shipping network expanded in 1975, management encouraged couriers to promote the service to newly added cities, rewarding their sales efforts with cash incentives.[38] The National Mediation Board concluded that this program demonstrated "the customer service work orientation of the Courier personnel."[39] Federal Express actively used the term "courier" in official documents and endeavored to cultivate pride in their work, stressing their role beyond simple driving duties.

An unspoken hierarchy defined roles within Federal Express's hub-and-spoke logistics network. The Memphis hub served as the literal "hub," with each flight route—or "spoke"—

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[36] Testimony of Billy Lovett, Before the National Mediation Board in the Matter of International Brotherhood of Teamsters Airline Division and Federal Express Corporation, July 23, 1975, box 9, folder 2, NMB R-4521, 167-72; 294-95.

[37] "Airline Work," *The Charlotte Observer,* January 13, 1974; "Air Freight Work," *Austin American-Statesman,* March 28, 1974.

[38] Testimony of Billy Lovett, July 23, 1975, NMB R-4521, 167-72; 294-95.

[39] National Mediation Board, Findings Upon Investigation in the Matter of the Application of the International Brotherhood of Teamsters, Airline Division, March 22, 1978, 6 NMB No. 1032, box 9, folder 1, NMB R-4521, 10.

connecting it to regional hubs such as Chicago O'Hare and Pittsburgh. While hubs may have appeared physically and functionally significant, those who worked as "spokes," including pilots and couriers, held more prestige in Federal Express's shipping network. Couriers' wages varied, with the highest around $6.00 and the lowest approximately $4.25 or $4.50, depending on the region's cost of living.[40] This was close to what an American aircraft mechanic—a skilled craftsman with typically three to four years of training—earned on average in 1974, which ranged from $5.52 to $8.14.[41] Patterson noted that "the guys in the hub are kind of envious of the couriers a little bit because they get raises faster." Few hub workers could transfer to courier positions without applying and competing with external candidates. One employee Patterson knew had to apply "several times" before getting a driving job.[42] Fitzgerald justified the wage differential between Memphis hub workers and couriers as a matter of trust, citing the need for "a very dependable guy" in the field to handle high-value items checked in by customers.[43] Management designed the sorting labor at the hub mostly as temporary, part-time work occupied by young people without long-term expectations for the company. The couriers, on the other hand, publicly represented the company, and management provided them with higher wages and better treatment. By carefully selecting the type of workers to recruit for each role and structuring employment arrangements that reflected each position's perceived importance in boosting sales, Federal Express flexibly optimized its shipping operations.

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[40] Testimony of Michael Fitzgerald, July 24, 1975, NMB R-4521, 313, 319.

[41] Their annual average income was $16,602, almost twice the average for all nonsupervisory workers in the private sector. Occupational Outlook Handbook, 1976-77, 282.

[42] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 135-36.

[43] Testimony of Michael Fitzgerald, July 24, 1975, NMB R-4521, 319.

Looking at the work of various employees, it becomes clear that Federal Express's newly developed hub-and-spoke system depended on the high-speed, precarious, and flexible labor of workers throughout the logistics structure. Management required hub sorters, couriers, and pilots to keep pace with the transportation system and adjust their schedules and conditions as needed to maintain the shipping network. In other words, the flexibility to immediately respond to the changing market demand rested not on the system's adjustability but on individual workers' availability to perform a broad range of labor on irregular schedules. This was a result of operational flexibilization—removing rigid controls while increasing overall time pressure. Here, workers not only provided the employer with their labor but also the flexibility of their schedules and work-related skills to respond to the unpredictable nature of express shipping. The employer optimized operational efficiency by maintaining control over their schedules and working conditions. The imperative for optimization manifested itself most clearly at the hub, where operations relied on the irregular nighttime labor by young men who did not fit the conventional daytime labor schedule. This high-speed labor, flexible for the employer, enabled Federal Express to fulfill its goal of making the "world on time."

## Federal Express's Personnel Management Policy

Despite the unpredictable nature of the work, Federal Express took pride in its treatment of employees. The company's philosophy, as outlined in the 1975 employee handbook under the subtitle "Philosophy," began with the statement, "The philosophy of Federal Express can be summarized in three words: People, Service, and Profit."[44] When questioned by the U.S. District

[44] Federal Express Employee Handbook, submitted by IBT on July 23, 1975, box 10, folder 3, NMB R-4521, 10.

Court about the meaning of "people" in a legal dispute with a union, Frederick W. Smith answered, "all of the employees of the company."[45] The guidebook further explained that because the company relied on good employees to provide high-quality service and generate profits, management prioritized investing in employee satisfaction. Smith also highlighted three core elements essential to attracting investors, especially during the company's early financial challenges: "a tremendous esprit de corps among the employees, an overall dedication in making the thing work," and "commitment on the management's part to take care of its employees."[46] His words were not necessarily an empty excuse for the labor dispute; rather, the management team consistently highlighted its commitment to the slogan in the early years. According to a corporate legend, the idea originated in a speech Fred Smith gave to all employees to appreciate their hard work after the relocation to Memphis. In an airport hangar, Smith brought them together and said, "This will be a fresh, fast-paced company that cares about its people, where teamwork is the norm and everyone pitches in to contribute to its success." The legend goes that Smith then listed all the benefits, including promotion from within, no-layoff policy, high wages, medical and dental insurance, sick leave, disability coverage, retirement plan, and profit sharing. In the next part of the speech, Smith emphasized that their performance would "produce a strong company with a surplus to reinvest in our future," followed by another executive speaking about the importance of "providing the highest level of reliable service humanly possible."[47] Whether this story was accurate or not, Smith and other executives did use the slogan in their employee communication

[45] Testimony of Frederick Wallace Smith, in Adams v. Federal Express Corp., Civ. No. C-75-141 (W. D. Tenn.), submitted by IBT to NMB on July 23, 1975, box 10, folder 3, NMB R-4521.

[46] Testimony of Frederick Wallace Smith, NMB R-4521.

[47] Roger Frock, *Changing How the World Does Business: FedEx's Incredible Journey to Success – The Inside Story* (Berrett-Koehler Publishers, 2006), 66-67.

as early as 1973.[48] Management did take its treatment of employees seriously as a central part of Federal Express's operation. Institutional investors visiting its stations and operations in Memphis witnessed these core elements firsthand, which Smith cited as crucial in establishing confidence in the company's viability.[49]

As historian Sanford Jacoby has demonstrated, a modernized version of welfare capitalism spread in American companies during the 1960s and 1970s. Corporate paternalism from the early 1920s had gone underground during the New Deal and postwar periods, evolving into a sophisticated system of "modern manors" in which employers fulfilled a paternal responsibility toward their workers and won their loyalty in return. Unlike the earlier model, modern welfare capitalism became "controlling yet consensual, coldly efficient yet cozily humane" to stave off union organizing campaigns. Large employers like General Electric, Du Pont, IBM, and Standard Oil implemented a similar personnel management system in the postwar decade. With the decline of organized labor, the shift away from mass production, and the expansion of an educated, white-collar workforce, welfare capitalism adapted to guide the management of college-educated workers.[50] Federal Express's managers, who had graduated from leading business schools, were well-versed in these techniques before joining the airline. Consequently, Federal Express

[48] Federal Express management highlighted the slogan in a letter to its employees with a bonus check as early as December 1973. In May 1974, its quarterly report also ended with Fred Smith's statement, "People, Service, Profits—our people are our most important asset, and I look forward to reporting the improved results which we all know we can produce." Roger Frock, Frederick W. Smith, and Irby V. Tedder, Letter to the Employees of Federal Express and Little Rock Airmotive, Inc., December 14, 1973, box2, folder 32, Robert A. Sigafoos Papers, Special Collection, University of Memphis Library (hereafter cited as Sigafoos Papers); Quarterly Report to the Employees, May 1974, box 2, folder 32, Sigafoos Papers.

[49] Testimony of Frederick Wallace Smith, NMB R-4521.

[50] Sanford Jacoby, *Modern Manors: Welfare Capitalism since New Deal* (Princeton University Press, 1997), 4-9.

management followed this trend, emphasizing the company's commitment to treating workers well.

Federal Express considered itself progressive not only for its fast delivery service but also because its management believed the company represented a larger shift in American industries and industrial relations. Federal Express aimed to provide a service that departed from the preceding era of Fordist mass production, unionized workforces, and the adversarial labor relations fostered by scientific management. Instead, the company embraced just-in-time production, a workforce free from union contracts, and a harmonious workplace environment. The company's use of the term "people" instead of "workers" or "employees" illustrates the characteristics of postwar welfare capitalism, which placed less emphasis on rigid power hierarchies and more on a flat organizational structure. Welfare capitalist policies, if thoroughly implemented, would align perfectly with the company's flexible, fast-paced operations by eliminating the rigid work rules of collective bargaining agreements, which must be negotiated and renewed according to a legally determined schedule.

Fred Smith frequently praised Delta Air Lines as an ideal model within the airline industry, one that had successfully integrated these values. He observed that "all of these people that followed the airline industry simply related it back to Delta Air Lines," noting that Delta's management-employee commitment was seen by investors as fundamental to any successful airline. According to Smith, because of Delta's strong employee relations, which included being the "most profitable company in the business" and having the "best paid" employees, they "don't need a union."[51] Smith explained that he closely modeled Federal Express's employee relations

[51] Testimony of Frederick Wallace Smith, NMB R-4521.

policy after Delta's approach. To maintain a close tie with frontline workers, Federal Express managers would often physically assist in unloading packages from aircraft. Michael Fitzgerald, an executive who regularly flew on the company's planes, reinforced this expectation, stating, "[a]ny management guy I catch that doesn't [pitch in and unload packages], they'll be in trouble."[52] To further strengthen approachability, management invited groups of fifteen to sixteen couriers "from all over" to Memphis each week for training. On the first day, these couriers were welcomed into the boardroom to show that "there are no barriers between them and the top management, that that's their section of the building exactly as it is ours."[53] Fred Smith's personal interactions with employees underscored this commitment to approachability. Inspired by Delta President David C. Garrett (who was erroneously recorded as "Mr. Garrick" in the court document), who reportedly engaged with "an average of eleven employee a day," Smith made efforts to interact regularly with his own employees. On visits to courier stations, Smith would often stay "until ten and eleven o'clock at night so I can take our couriers, people that pick up packages out for a glass of beer."[54] Just as charismatic founders and executives like Frederick C. Crawford of Thompson Products, Frederick W. Lovejoy of Eastman Kodak, and Robert E. Wood of Sears Roebuck created a vertically inclusive corporate community by friendly mingling with employees, this close rapport between young Smith and frontline workers allowed management to boost employee morale, promptly address grievances, and identify any potential union activity early.[55]

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[52] Testimony of Michael Fitzgerald, NMB R-4521.

[53] Testimony of Frederick Wallace Smith, NMB R-4521.

[54] Testimony of Frederick Wallace Smith, NMB R-4521.

[55] Jacaoby, *Modern Manors,* 51.

Federal Express management implemented a system inspired by Delta's employee program to listen to workers' voices, though these initiatives remained underdeveloped and had limited effects in the early 1970s. In the spring or summer of 1974, the company established two committees to facilitate close communication with frontline workers at the hub.[56] The first committee, the Labor Committee, comprised four employees tasked with collecting grievances and presenting them to management. Hub director Ronald Van said he met the Labor Committee "once a month," but employee Thomas Patterson testified that meetings with directors occurred sporadically, "sometimes […] once a week or, really, just go to them whenever they say they are free."[57] Membership on the Labor Committee rotated every two or three weeks, with eligibility open to both part-time and full-time employees or "just whoever wants to volunteer at the time."[58] Because it was voluntary, the committee occasionally operated with fewer than four members.

Another mechanism for addressing employee concerns was the Safety Committee. Consisting of three or more employee members, the committee was responsible for identifying unsafe conditions within the hub facility and reporting them to management during meetings. Patterson, who had been working for the company for more than sixteen months, answered federal investigators' questions about the effectiveness of such meetings by saying, "They [management] do consider these complaints and act accordingly." However, the regularity of the meetings remained unclear—Patterson explained that the Safety Committee met with management "just

[56] Ronald Van testified that the Labor Committee was organized in June 1974 while Thomas Patterson remembered that it was already being organized when he started to work in March 1974. Testimony of Ronald Van, in Adams v. Federal Express Corp., Civ. No. C-75-141 (W. D. Tenn.), submitted by IBT to NMB on July 23, 1975, box10, NMB R-4521.

[57] Testimony of Ronald Van, NMB R-4521.

[58] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 99-101.

when they have something to report," and "they don't meet as regular as the labor committee would."[59] Fred Smith also highlighted additional efforts by management to address employee concerns, including meetings held in the engine shop to hear grievances directly from employees. Smith "personally conducted" a session and noted "there have been many, many meetings of employees" to listen to their grievances. Smith testified that these gatherings were "precipitated by employee morale reaching a very low and dangerous point." [60] The employees' rising dissatisfaction pushed management to respond and open a direct communication channel. These testimonies reveal that, compared to the workplace committees established in many American companies in the 1970s as part of the Quality of Working Life initiatives, Federal Express's management did not commit to incorporating employee committees into the core of its management strategy. Instead, its employee programs served as a band-aid to prevent the workplace culture from becoming adversarial.

To address individual employee grievances, Federal Express established a procedure in which different levels of management would review an issue, starting with the employee's immediate supervisor, moving up to mid-level managers, higher managers, and eventually, Fred Smith. This process, later branded the "Guaranteed Fair Treatment Procedure" for internal promotion in 1981, had already been piloted in the mid-1970s. Smith noted that many nonunionized companies employed similar practices, stating, "I think it's common in Hewlett-Packard, and I think it's common in Texas Instruments. I think it's common in Delta. It's somewhat common in Sears except it's done on a more reasonable basis." He emphasized, "All the companies

[59] Testimony of Thomas Patterson, July 23, 1975, NMB R-4521, 99-103.

[60] Testimony of Frederick Wallace Smith, NMB R-4521.

I just mentioned are nonunion, and all the companies I just mentioned are the most profitable in their field." Recognizing the effectiveness of a quasi-union grievance procedure in maintaining nonunion status, Federal Express designed a program that, at least in appearance, connected employees to the highest levels of the corporate hierarchy. There is, however, little evidence that executives encouraged employees to use this system in the mid-1970s. When asked about the program, Fred Smith—who often cited names of specific employees to support his claims—simply commented that "the record is fairly replete with examples where it has done the employees some good," without providing concrete examples.[61]

In the early 1970s, outside consultants played a minimal role in developing Federal Express's personnel policy. While management sought inspiration from other companies, particularly airlines, for non-union labor-management models and occasionally enlisted external firms for research, most employee programs were internally developed. One notable exception was the implementation of a wage system. Federal Express engaged the services of an external consulting firm, Hay Associates, to assist in developing a salary administration system known as the Hay System. Founded in Philadelphia in 1943 and initially specializing in management compensation, Hay Associates had expanded to offer a broader range of services, including reward and performance management. The firm used a database, compiled annually from over a thousand client firms, to enable its clients to compare their salary practices, benefits, and workplace climate with those of other firms in the same industry and to identify where they "overpaid" or "underpaid" employees.[62] For Federal Express, Hay consultants analyzed all the cities in the shipping network

[61] Testimony of Frederick Wallace Smith, NMB R-4521.

[62] John A. Seeger, John P. Potter and Anne Harlan, "Case 18: Megalith, Inc. – Hay Associates (A)," in Michael Beer, Bert Spector, Paul R. Lawrence, D. Quinn Mills, and Richard R. Walton, eds. *Human Resources*

to develop a wage-rate plan customized to each city's specific circumstances.[63] Apart from the collaboration with Hay Associates for the wage system, there is little evidence of significant outside involvement in Federal Express's personnel management practices during this period.

## ALPA Campaign

The first attempt to unionize Federal Express quietly began in late 1973, several months after the airline had carried its first packages. The Air Line Pilots Association (ALPA) viewed the newborn airline as a "'going' company," and nine pilots at the Atlanta-based Southern Airlines offered to help organize 150 Federal Express pilots based in Memphis and another ninety projected for hire.[64] They took a run at organizing by sending the pilots authorization-to-act cards, which they would then submit to the National Mediation Board under the Railway Labor Act, which manages the airline industry. However, the majority of the pilots showed no interest, and ALPA officers decided to hold off the organizing drive in January 1974.[65] The next attempt began by the summer of 1974, and the union's Executive Committee officially authorized the organizing drive at Federal Express in mid-September.[66] By December 16, 1974, however, only eighty-six of 194 eligible pilots voted for union representation, maintaining the non-union status of the workplace. ALPA officers reflected that the campaign was not "well-

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*Management: A General Manager's Perspective Text and Cases* (The Free Press, 1985), 478-79.

[63] Testimony of Michael Fitzgerald, July 24, 1975, NMB R-4521, 313-14.

[64] Scruggs A. Colvin to William C. Davis, November 30, 1973, box 3, folder 1, UPA.

[65] Scruggs A. Colvin, January 30, 1974, box 3, folder 1, UPA.

[66] Scruggs A. Colvin to John Trainor, August 14, 1974; ALPA President's Department to Arthur Brennan and W. W. Anderson, September 24, 1974, box 3, folder 1, UPA.

oiled" and lacked "enough prior planning." They had received only 126 authorization-to-act cards before the vote, which went against "the age-old rule of thumb of only organize if you have between 80%-90% of the eligible voters."[67] Two years later, another pilot at Federal Express reached out to ALPA and reported that his fellow employees were "ready to join UPA," an ALPA-affiliate, resuming the union's fight to organize the company in June 1977.[68]

In a rapidly growing company, working conditions and assignments often changed without sufficient communication with the pilots. Pro-union pilot James Harrison wrote a seven-page letter to the union leadership reporting worsening conditions at Federal Express. According to him, after the 1974 election, the company "laid off or found other jobs for some 27 pilots" as of January 1975. Management offered most of them low-wage jobs at the sorting facility, which many accepted rather than facing unemployment. It is not clear whether this incident was the same as the one Thomas Patterson described in his testimony about the conditions of hub employees—Harrison did not mention whether management fired original hub workers to offer their positions to the pilots. Compared to the flight operation, which could be done with minimal supervision, work at the hub was mentally and physically demanding. Supervisors would be "standing by with stop watches to time the loading and unloading operations," as if they were Taylorist industrial engineers studying manufacturing laborers sixty years before. Pilots, who earned incomparably higher salaries than most of their fellow employees, rejected demotions to the status of "unskilled" labor at the hub even though other employees might have been discharged from their positions to make room for them. As a result, several pilots complained

[67] Arthur Brennan to J. J. O'Donnel, December 17, 1974, box 3, folder 1, UPA.

[68] R. Hurst to M. R. Ferrara, June 20, 1977, box 3, folder 1, UPA.

about the backbreaking labor to President Arthur Bass, who then changed the pay system to an incentive-based one.[69]

Like the founders and executives, Federal Express pilots were often veterans who had recently retired from military careers. In fact, the armed forces and private flight schools were the primary avenues for young men across the nation to acquire the skills necessary to become pilots. In 1966, two-thirds of all American pilots employed received their training during military service.[70] Aircraft mechanics followed a similar pattern, with most gaining their skills in the armed forces or through private trade schools. The educational requirements for applying for a Federal Express pilot position were not well documented, but major airlines typically prioritized recent college graduates with flying experience and a commercial pilot's license.[71] At Federal Express, these young, middle-class men likely shared a military sensibility with other veterans in management, aligning with the company's ambitious, entrepreneurial spirit. A telephone memo by an ALPA officer dated February 22, 1977, described Federal Express pilots as "many retired military" and "many other [outcast types]."[72] James Harrison echoed this statement, noting that many pilots who voted in the 1974 election "were frankly just trying their first job since college or military retirement."[73] As a result, these pilots may not have been seen as the most passionate union supporters by labor activists.

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[69] James Harrison to Al Bonner, October 3, 1975, box 3, folder 1, UPA.

[70] Manpower Administration, U.S. Department of Labor, and Bureau of Labor Statistics, *Pilots and Mechanics in Civil Aviation 1967-77: A Study of Manpower Requirements* (GPO, 1970), Part I, V.

[71] *Occupational Outlook Handbook, 1976-77,* 281, 284.

[72] Telephone memo, February 22, 1977, box 3, folder 1, UPA.

[73] James Harrison to Al Bonner, October 3, 1975, box 3, folder 1, UPA.

In the 1970s, job prospects for pilots and aircraft mechanics were promising. As Joseph McCartin has described, the highly technical job of air traffic control offered young men with military experience a pathway to achieving the American dream in the postwar suburbs. The airline industry was expanding rapidly, and employment continued to grow throughout the postwar decade.[74] Government research in 1970 indicated that pilots and aircraft mechanics were "among the nation's fastest growing occupations" during the 1950s and 1960s, and the demand for these workers was expected to continue into the late 1970s.[75] By 1974, the number of full-time civilian pilots had risen to approximately 79,000.[76] This means that those pilots who experienced deteriorating working conditions at the new Memphis-based company simply had other options. By late 1975, James Harrison noted that negative experiences such as unpredictable work assignments and time-sensitive, backbreaking labor "have changed most of their thinking dramatically," but it remains unclear how many pilots viewed the company as a viable long-term or lifetime employment option.[77]

During ALPA's organizing drives, Federal Express managers made their antiunion stance explicit through multiple unionbusting strategies. If "people-first" initiatives served as the "carrot" of their antiunion approach, management did not hesitate to wield the "stick" against employees drawn to union representation outside the company's control. Their attitude remained consistently clear. In June 1977, a pilot told an ALPA officer that "the owner of the company

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[74] Joseph McCartin, *Collision Course: Ronald Reagan, the Air Traffic Controllers, and the Strike That Changed America* (Oxford University Press, 2011), 18-22.

[75] Manpower Administration, *Pilots and Mechanics in Civil Aviation 1967-77,* Part I, V, 1, Part II, 1, 12,13.

[76] Occupational Outlook Handbook, 1976-77, 283.

[77] James Harrison to Al Bonner, October 3, 1975, box 3, folder 1, UPA.

had indicated that 'If you are going to have a union you may as well go first class. I will not stand in the way of a contract, but I will fight you on the issues.'"[78] Pilots who supported ALPA during the first organizing drive in 1974 also lost their jobs. In his 1975 letter, James Harrison noted the company's unfair treatment of two of the three captains he called "our trio of ALPA promoters." While one person was on leave for a family emergency, one of the other two was "forced to resign almost immediately after the vote," and the third pilot was fired.[79] According to a telephone memo dated February 22, 1977, ALPA officer Bob Drew also reported that "some people from last organizing effort have been terminated."[80] This antiunion sentiment accurately reflects the extent of the company's sustained unionbusting efforts for the following decades. As early as September 1974, after ALPA collected authorization cards from a majority of pilots, the union informed them that "certain of your fellow pilots were approached as to the outcome of the membership campaign" and "severely reprimanded." By combining the verbal threat with the progressive yet premature "people-first" management policy, Federal Express successfully suppressed the ALPA campaign. After this failure, along with the deregulation of the air cargo and airline industries, the union shifted its efforts to organize other newly established small airlines in the 1980s.[81]

[78] R. Hurst to M. R. Ferrara, June 20, 1977, box 3, folder 1, UPA.

[79] James Harrison to Al Bonner, October 3, 1975, box 3, folder 1, UPA.

[80] Telephone memo, February 22, 1977, box 3, folder 1, UPA.

[81] William R. Haas, to all Federal Express Pilots, September 19, 1974, box 3, folder 1, UPA.

## Teamster Campaign

In the 1970s, workers in the transportation and warehouse industry challenged both their employers and union leaders. The International Brotherhood of Teamsters was the largest and most influential union in the industry, boasting two million members in 1976. However, the union's public reputation deteriorated as media and politicians exposed corruption within its leadership during the postwar decades. Many rank-and-file members grew disillusioned with the union leadership in Washington, D.C., which failed to address their concerns amid the economic challenges and industrial changes of the 1970s. United Parcel Service, the union's largest employer, imposed speedups, automated aspects of the sorting process, and increased surveillance of drivers who had previously enjoyed greater autonomy than other American blue-collar workers. In response, rank-and-file Teamsters, primarily men, initiated several movements to protect their interests and reform the union.[82] As the union and UPS were preparing for the 1976 National Master Freight Agreement negotiations, dissident unionists launched a reform group called UPSurge in 1975.[83] American transportation workers could no longer depend on the coordinated relationship between the powerful Teamsters Union and trucking companies, especially as the industry shifted toward more demanding, high-speed operations. The entire structure of the transportation industry was undergoing a transition, and Federal Express management aimed to create a workplace governed by a new set of rules, emphasizing flexibility and speed free from the constraints of union contracts.

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[82] David Witwer, *Corruption and Reform in the Teamsters Union* (University of Illinois Press, 2001), 1-4, 217-34; David Montgomery, *Workers' Control in America: Studies in the History of Work, Technology, and Labor Struggles* (Cambridge University Press, 1979), 173.

[83] Joe Allen, *The Package King.*

When ground workers attempted to unionize in early 1975, Federal Express management made its antiunion policy clear. In the summer and fall of 1974, Local 667 of the International Brotherhood of Teamsters launched an organizing drive at Federal Express. Although the campaign was short-lived, it identified a few active union supporters who would continue the effort. In February 1975, responding to their request, the Teamsters sent organizers, including David Hodgins, to Memphis and began another organizing drive to unionize the hub workers.[84] Hodgins recalled the workplace atmosphere, saying workers were "enthusiastic" about winning union representation to bargain collectively.[85] On February 11, 1975, the Teamsters met with management to inform them of their organizing effort.[86] Teamster supporters such as Larry L. Washington, a 19-year-old Black hub sorter, worked diligently that February to have fellow employees sign union authorization cards in the hub facilities and parking lot. A resident of a low-income neighborhood where 90.7 percent of the population was African American, Washington had previously participated in an organizing drive with Local 667.[87] On February 14, the day after he successfully collected eight or nine authorization cards, management fired him, citing an incident of sleeping in the restroom during his shift. In fact, this was his second termination. After attending union meetings in September 1974, his manager questioned him

[84] Memorandum in Support of Plaintiffs' Motion for Preliminary Injunctive Relief and in Opposition to Defendant's Motion to Dismiss, Adams v. Federal Express Corp., Civ. No. C-75-141 (W. D. Tenn.), sent from Scott F. May to the National Mediation Board, box 9, folder 5, NMB R-4521.

[85] David Hodgins, affidavit, Adams v. Federal Express Corp., Civ. No. C-75-141 (W. D. Tenn.), April 1975, box 9, folder 5, NMB R-4521.

[86] Complaint and Motion for Preliminary and Permanent Injunction and for Other Equitable Relief, Adams v. Federal Express Corp., Civ. No. C-75-141 (W. D. Tenn.), box 9, folder 5, NMB R-4521.

[87] U.S. Department of Commerce, *Supplementary Report: Low-income Neighborhoods in Large Cities: 1970, Memphis and Nashville-Davidson, Tenn*. (GPO, 1974).

about his union activity and fired him in November. Only when Washington proposed filing a racial discrimination charge with the Equal Employment Opportunity Commission did upper management intervene, overruling the decision and reinstating him.[88]

After the union held a series of employee meetings and distributed union buttons on March 9, management's intimidation tactics intensified. Some employees decided to wear the buttons on their uniform to publicly express their pro-union sentiment at work. For example, Thomas Patterson, then a hub checker, was called by the hub director for wearing the button.[89] Vice President Tucker Taylor also heard from his subordinate that Charles Adams, a building cleaner employed since September 1974, was wearing the "Go Teamster" button on March 12. Adams had attended union meetings and signed an authorization card a week earlier. Taylor called Adams to his office and reprimanded him for leaving the restroom dirty. Taylor also instructed him to remove the button, which he considered "emotional," "controversial," and a "safety hazard." After Adams refused to comply, Taylor immediately fired him.[90]

The Teamsters Union also claimed that Taylor, along with company president Arthur Bass, threatened to terminate other employees who wore the button, and that management's harassment and surveillance of union activity were widespread around the same time.[91] On

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[88] Memorandum in Support of Plaintiff's Motion for Preliminary Injunctive Relief and in Opposition to Defendant's Motion to Dismiss, Adams v. Federal Express Corp., Civ. No. C-75-141 (W. D. Tenn.), box 9, folder 5, NMB R-4521.

[89] Memorandum in Support of Plaintiff's Motion for Preliminary Injunctive Relief and in Opposition to Defendant's Motion to Dismiss, NMB R-4521.

[90] Charles Adams, affidavit, Adams v. Federal Express Corp., March 13, 1975; Tucker Taylor, affidavit; Adams v. Federal Express Corp., May 1975, box 9, folder 5, NMB R-4521.

[91] Complaint and Motion for Preliminary and Permanent Injunction and for Other Equitable Relief, Adams v. Federal Express Corp., Civ. No. C-75-141 (W. D. Tenn.), box 9, folder 5, NMB R-4521.

March 9, the son of company director Fritz Buechling was seen at a union-sponsored meeting that solicited authorization cards. According to union supporters, he signed the attendance list using a fictitious name.[92] After the meeting, Buechling also asked George Andrews, the "most active and vocal supporter" of the union in the engine shop, to identify who attended, and eventually discharged him on April 10.[93] Several managers also testified in court that they had discussed the union issue with employees, although they insisted that the conversations were of a "friendly nature" and that they had never "interrogated, influenced, nor coerced" them.[94] Management attempted to remove another young union activist, Billy Lovett, from the organizing drive by promoting him.[95] Lovett, "one of the five or ten" first employees the company hired, has been active in the organizing drive since July 1974, and planned to quit to join the Air Force.[96] However, in March 1975, management transferred him to a training division right before his resignation, which they claimed had "nothing to do with Mr. Lovett's alleged union affiliation."[97] Finally, management collectively reached out to employees to discourage

[92] Memorandum in Support of Plaintiff's Motion for Preliminary Injunctive Relief and in Opposition to Defendant's Motion to Dismiss, NMB R-4521.

[93] George Andrews, affidavit, Adams v. Federal Express Corp.; Memorandum in Support of Plaintiff's Motion for Preliminary Injunctive Relief and in Opposition to Defendant's Motion to Dismiss, box 9, folder 5, NMB R-4521.

[94] E. G. Worthington, affidavit; James Riedmeyer, affidavit, Adams v. Federal Express Corp., Civ. No. C-75-141 (W. D. Tenn.), May 14, 1975, box 9, folder 5, NMB R-4521.

[95] Fred Smith said, "I think Billy is about 19 or 20 years old" in his 1975 testimony. Testimony of Frederick W. Smith, NMB R-4521.

[96] Testimony of Frederick W. Smith, NMB R-4521.

[97] Billy Lovett, affidavit, Adams v. Federal Express Corp., March 13, 1975, box 9, folder 5, NMB R-4521.

them from participating in the campaign. Michael Fitzgerald wrote a letter urging them to "reject any attempt" by the union to collect membership cards.[98]

Management also appealed to employees by raising wages and implementing a new mechanism to collect grievances. In February and March 1975, Michael Fitzgerald sent letters to employees informing them of a new base wage plan and other economic programs. He wrote that these programs would have to be canceled if Teamster organizing continued, stating, "Let me add that an outside force can stop us from implementing these programs, simply because it is against the law for us to proceed with these programs during an organization attempt."[99] Similarly, the Director of Service Control told the hub workers, who had received a 5-cent-per-hour wage increase in February, that they would lose it, as well as other benefits, if the union organized them. In early April, the company introduced two new employee programs without prior notice. One provided membership-fee-paying employees with access to private recreational facilities in town, while the other established an incentive system to reward hub workers for loading planes on time.[100] Management also held employee meetings to solicit grievances and dissatisfactions, granted pay raises to some employees, took them out to beer parties, and eventually established a specific grievance procedure by the end of April 1975.[101]

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[98] Memorandum in Support of Plaintiff's Motion for Preliminary Injunctive Relief and in Opposition to Defendant's Motion to Dismiss, Adams v. Federal Express Corp., box 9, folder 5, NMB R-4521.

[99] Complaint and Motion for Preliminary and Permanent Injunction and for Other Equitable Relief, Adams v. Federal Express Corp., box 9, folder 5, NMB R-4521.

[100] Memorandum in Support of Plaintiff's Motion for Preliminary Injunctive Relief and in Opposition to Defendant's Motion to Dismiss, Adams v. Federal Express Corp., box 9, folder 5, NMB R-4521.

[101] Memorandum in Support of Plaintiff's Motion for Preliminary Injunctive Relief and in Opposition to Defendant's Motion to Dismiss, Adams v. Federal Express Corp., box 9, folder 5, NMB R-4521.

Despite management's antiunion campaign, many workers actively supported the Teamsters, particularly in the campaign's early stages. By April 14, the union reported that fifty-three of the seventy-five hub workers had signed the authorization card. Of these, fifty-one lived in Memphis, in both African American and white neighborhoods, while the other two resided in nearby cities in Mississippi. The signers included both white and Black workers, predominantly male baby boomers. For example, Clarence O'Mayes, a Black Air Force veteran who had served in Vietnam and was working as a hub checker, was born in 1948.[102] Many had recently started or were about to start a family, as shown by birth and wedding announcements in the local newspaper.[103] Philip D. Getske, a former leading pitcher and hitter at Bishop Byrne High School, married his wife in July 1975 at 21, while David Roehrs, who had just graduated from Overton High School, would marry a Federal Express customer representative in 1979.[104] Although both part-time and full-time employees signed the card, full-time workers showed more support for the union than part-timers, who made up a majority of the workforce. By May 1975, at least thirty of the signers remained on the payroll, including only eleven part-timers at the hub. Among those thirty workers, twelve were relatively high-paid checkers, three were unloaders, and the rest held positions such as sorters and hazardous material handlers. At least three were transferred to other departments, including the delivery information center.[105] These figures indicate that significant

[102] "Clarence O'Mayes Obituary," *The Commercial Appeal,* January 26, 2011.

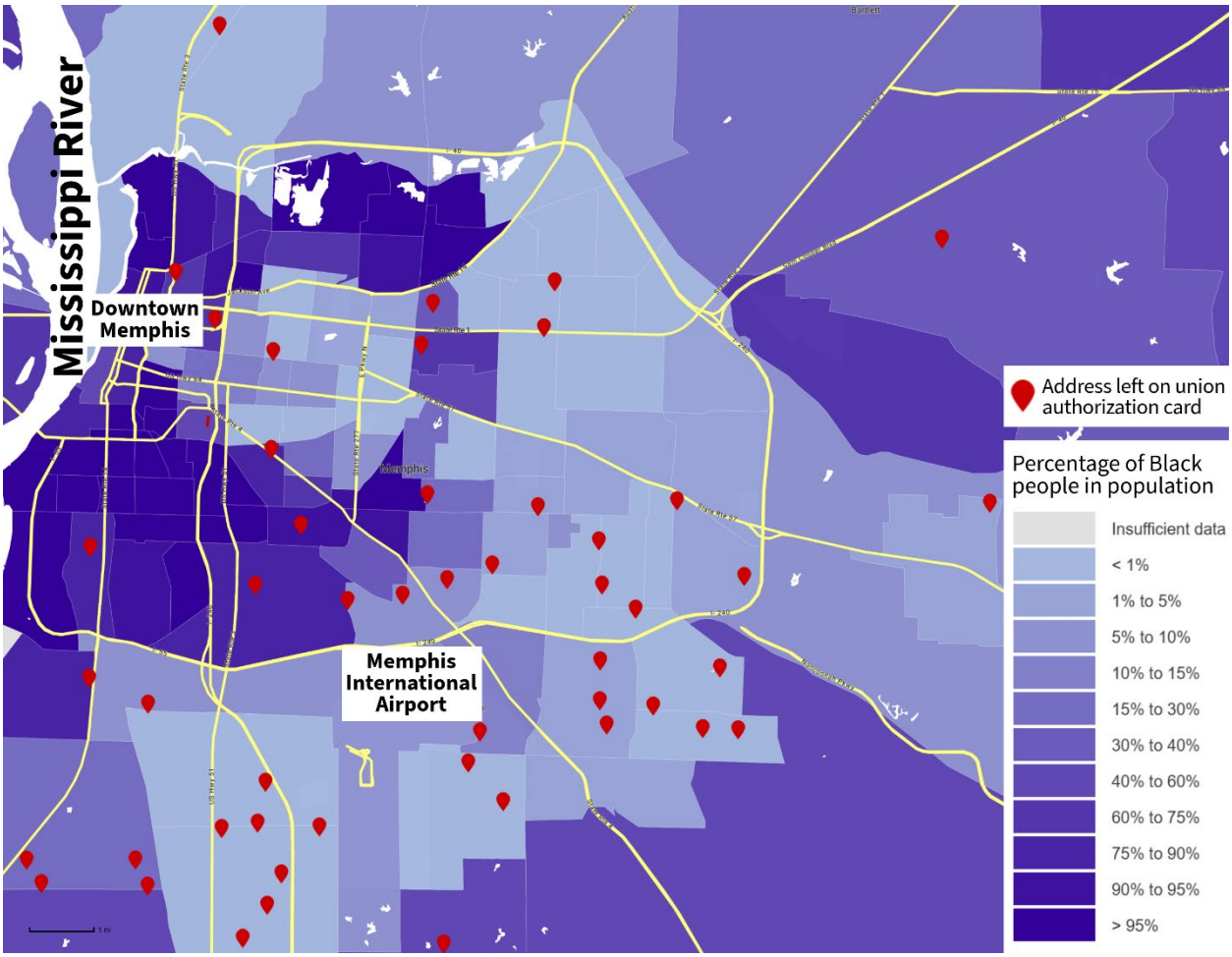
[103] Copies of authorization cards attached to the IBT Airline Division's Application for Investigation of Representation Dispute, submitted to the National Mediation Board, April 14, 1975, box 1, folder 1, NMB R-4521; I looked up their names and addresses in *The Commercial Appeal.*

[104] "Marriage Licenses," *The Commercial Appeal,* July 18, 1975; "Durkee-Roehrs," *The Commercial Appeal*, May 20, 1979.

[105] Federal Express Field Service Roster, submitted by Federal Express to NMB, May 22, 1975, box 1, folder 1, NMB R-4521.

support for the union came from workers with a few years of experience at the hub, many of whom had been promoted from unloader positions. However, management's intensified antiunion actions suppressed union support as the movement began to gain momentum.

**FIGURE 2**. ADDRESSES LEFT ON TEAMSTERS AUTHORIZATION CARDS, 1975




**Note:** Image created by the author through Social Explorer.

On April 15, the union filed an application with the National Mediation Board, but the campaign was already waning after management's use of intimidation and the offer of better benefits. Teamster organizer David Hodgins reported that, especially after the discharge of

Adams and the removal of Lovett from the engine department, employees' enthusiasm "dropped sharply." "Nealy all" union supporters stopped wearing their union buttons and attending employee meetings. The union also found it difficult to meet and talk casually with employees because of their hesitation after witnessing the company's hostility toward union activists. While workers orally expressed support for the union, they abstained from organizing activities such as signing authorization cards and attending meetings for fear of company surveillance. Hodgins complained that even the most active supporters of the union began to refuse to come to the union headquarters after management fired George Andrews.[106] The union, along with Adams, Andrews, and Washington, filed a complaint against the company for violating the Railway Labor Act while filing an application with the National Mediation Board. However, after a series of hearings involving managers, employees, and union organizers, the court dismissed all their allegations and concluded that Federal Express had "legitimate plausible reasons for" the discharges of these employees and did not violate the Act.[107]

The court decision did not diminish the Teamsters' organizing effort at Federal Express. The NMB eventually conducted a union election among the hub mechanics in 1976, but only eleven of 104 eligible employees voted to unionize.[108] In 1978, the NMB held another election at Federal Express, this time to unionize warehouse workers such as sorters and checkers at the hub. However, the company challenged the legal qualification of the hub employees to unionize on their own and insisted that all employees, including secretaries and couriers nationwide,

[106] David Hodgins, affidavit, box 9, folder 5, NMB R-4521.

[107] Memorandum Decision and Order, Adams v. Federal Express Corp., September 10, 1975, box 9, folder 5, NMB R-4521.

[108] Adams v. Federal Exp. Corp., 547 F.2d 319 (1976).

should have the right to vote.[109] While the NMB dismissed the company's claim, the Teamsters eventually withdrew the application, and the election did not take place.[110]

The failed Teamster organizing drive reveals two things. First, it highlights the presence of passionate union activists at Federal Express in its early years. While management promoted the slogan "People-Service-Profit" as a symbol of its cordial employee relations, in which unions were "unnecessary," not all Federal Express workers were convinced in the mid-1970s. Just as the young activist workers whose movement historian Lane Windham has examined, young Black and white Memphians who supported the early growth of the company's express operation dedicated their time and energy to the organizing drive.[111] In fact, more than half of the hub sorters signed union authorization cards, refuting the myth of non-union, people-first management. Second, it showcases Federal Express management's commitment to maintaining non-union status. Through firings, interrogations, and conciliatory measures, the company's managers sent a powerful message to employees that they would not tolerate organized labor. They made it clear that the company would not permit a union election or allow employees to freely express their support for organized labor. Furthermore, in the long run, the union campaigns led management to recognize the need for a more comprehensive, full-scale vision to counter organized labor's influence. While UPS and Federal Express shared similar sources of worker dissatisfaction, such as the overemphasis on speed and productivity at the expense of safety, reliance on part-time labor, and disciplinary actions, their future paths diverged. Federal

[109] Federal Express, 6 NMB 442 (1978).

[110] Federal Express, 6 NMB 506 (1978).

[111] Lane Windham, *Knocking on Labor's Door: Union Organizing in the 1970s and the Roots of a New Economic Divide* (University of North Carolina Press, 2017).

Express was determined to invest heavily in improving workers' experience by adopting the latest personnel management techniques. This would culminate in their effort to embody the spirit of People-Service Profit in the latter half of the 1970s to build a stronger defense against the union.

# CHAPTER 5

## "PEOPLE FIRST": PROGRESSIVE ANTIUNIONISM, 1978-1993

On July 28, 1993, a group of Federal Express managers gave a one-hour presentation at the U.S. Department of Labor before the Presidential Commission on the Future of Worker-Management Relations, more widely known as the Dunlop Commission. The commission had been appointed four months earlier by Secretary of Labor Robert Reich and Secretary of Commerce Ronald H. Brown to seek effective ways to enhance productivity through cooperation between labor and management. Edith Kelly, Vice President of Quality and Internal Audit at Federal Express, began the presentation on the "success" of their "employee involvement" programs with a corporate slogan, saying, "We are founded on a general philosophy of treating people well. This philosophy, PEOPLE, SERVICE, PROFIT (PSP) is the corner stone of our organization." Calling their employees "our internal customers," Kelly, a University of Mississippi graduate and the first African American woman to become a Federal Express vice president, explained that management's dedication to its "people" improved service to "external customers." She then introduced some of their "'people' programs," including the open-door policy, employee feedback process, and the "guaranteed fair treatment" as effective ways to listen to their employees. After listing various awards the company had won as a result of these efforts, Kelly concluded the presentation by emphasizing the importance of "improving and strengthening the relationship between workers and management," which she argued, "can only be achieved by taking 'the human side of quality' approach to empowering employees—putting people first."[1] The slogan interestingly coincided with the core of Bill Clinton's national

[1] Federal Express, Labor Commission Testimony, July 28, 1993, box 127, folder 1, W. J. Usery, Jr. papers, Special Collections, Georgia State University, Atlanta (hereafter cited as Usery, Jr. papers).

economic strategy. It is unclear how and why the Dunlop Commission invited Federal Express representatives to the hearing, but their testimony before the federal commission demonstrates the extent of management's belief in the so-called "people philosophy" as the center of their customer service operations.

Evidence suggests that Federal Express executives and managers genuinely embraced the people-first concept as an effective human relations strategy to ensure smooth business operations. In memoirs, interviews, and business guidebooks, executives and supporters emphasized this idea, and the Communication Department featured it under the title of its monthly newspaper, *Update*, as a central component of its management principles. James C. Wetherbe, who was the director of the Center for Cycle Time Research at the University of Memphis and named a "FedEx professor of excellence," first listed "You can never, ever, do enough for your people" in his book that celebrated FedEx's eleven characteristic management principles.[2] Roger Frock, the former General Manager, also noted in his book that the company's rise rested on its "unique supporting culture" for employees, an attitude he calls "purple blood."[3] William Arthur, former marketing manager, said in an oral history interview that "the company is 100% employee oriented," referring to "People-Service-Profits."[4] Marketing manager Paula Bass, who insisted that she had never seen anyone who had worked for the company complain about anything, enthusiastically discussed in an interview how they "really worked, really really

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[2] James C. Wetherbe, *The World on Time: The 11 Management Principles that Made FedEx an Overnight Sensation* (Knowledge Exchange, 1996), 15, 23.

[3] Roger Frock, *Changing How the World Does Business: FedEx's Incredible Journey to Success – The Inside Story* (Berrett-Koehler Publishers, 2006), 4.

[4] Bill Arthur, interview by Scott Ellsworth, July 26, 1988, box 10, Federal Express Advertising History Collection, Archives Center, National Museum of American History, Washington, D.C. (hereafter cited as FEAHC).

hard to come up with programs for the slogan 'employees first' and tried to come up with all sorts of things that would help the employees."[5] Their words imply that Federal Express's "People-Service-Profit" was not merely a corporate slogan but a guiding principle intended to shape how managers interacted with their employees.

This chapter examines how Federal Express developed its own version of welfare capitalism and "union avoidance" in the 1980s, following its experiences with union organizing drives in the 1970s. The campaigns by the Teamsters and the Air Line Pilots Association exposed the limits of military-inspired camaraderie and the ineffectiveness of the people-first ideology in the early 1970s, prompting executives to refine the philosophy into a form of labor-management relations specifically designed to ensure that workers, including many women and people of color, maintained the rapid movement of goods without union intervention. The corporate principle "People-Service-Profit" was the company's strategy for building mutual loyalty between diverse workers and management and for stabilizing employee relations in a way that fits the age of equal employment opportunity. This chapter concludes that during the 1980s, Federal Express's welfare capitalism successfully fostered employee loyalty by incorporating ideas from American progressive movements of the 1960s and 1970s, while reinforcing its antiunion stance at the core of its people philosophy.

## Welfare Capitalism in the 1970s

When Federal Express managers adopted a strategy emphasizing the importance of "people," or employees, they benefited from the accumulated knowledge and techniques cultivated by a group of firms that modernized welfare capitalism into "a kinder, gentler sort of

[5] Paula Bass, interview by Scott Ellsworth, July 27, 1988, box 10, FEAHC.

paternalism," in the words of Sanford Jacoby. The famous research conducted by psychologist Elton Mayo at Western Electric's Hawthorne plant during the 1930s helped popularize the assumption that maintaining employee satisfaction would lead to improved performance. Inspired by such research, these businesses effectively used human relations techniques to convince workers that they were more integrated into the corporate community than into the industrial class solidarity.[6] This approach evolved into a human resource model based on industrial psychology, behavioral science, and organizational behavioral theory, which became widespread in the postwar decades.[7] The human relations approach proved particularly effective in managing college-educated white-collar workers, who began to move to the center of the American workplace in the 1970s.[8]

Behind the spread of the human relations movement lay, as labor unionists, employers, scholars, and politicians had acknowledged, the inadequacy of the New Deal-era work regime. The economic problems of the 1970s, characterized by declining productivity, increased international competition, and stagnant wages, clearly highlighted the need for a new strategy. While unions attempted to amend the National Labor Relations Act to strengthen their organizing power, industrialists blamed "hostile" industrial relations, marked by inefficient collective bargaining and frequent strikes, for stagnant productivity and a lack of competitiveness. In their view, the automatic, authoritative Taylorist organization of work would not help American firms compete with Toyota's team production. Manufacturers believed they

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[6] Sanford Jacoby, *Modern Manors: Welfare Capitalism since the New Deal* (Princeton University Press,1997), 5, 221, 227.

[7] Eileen Appelbaum and Rosemary Batt, *The New American Workplace: Transforming Work Systems in the United States* (ILR Press, 1994), 18-20, 125－26.

[8] Jacoby, *Modern Manors,* 247, 257-58.

could redesign the workplace as a field of class cooperation, rather than a site of struggle, with the shared aim of economic growth.[9] A 1987 GAO survey reported that 70 percent of five hundred large American companies implemented some form of employee participation program.[10] The popularity of faddish initiatives such as the Quality of Working Life (QWL) and the team concept in the 1970s and 1980s, especially at younger, dynamic companies in the booming high-tech and service industries, including Federal Express, reflected employers' attempts to increase productivity through worker satisfaction.[11]

As Sanford Jacoby reminds us, the success of midcentury welfare capitalists depended on the social homogeneity of the employee population. Businesses took advantage of bonds of shared beliefs, race, ethnicity, and gender to bridge class barriers between workers and management by pitting one group against another.[12] Then, how did welfare capitalists respond when affirmative action reshaped workplace demographics and created new opportunities for women and people of color who had previously been denied them? Between the 1960s and 1980s, as historian Polly Reed Myers argues, the participation of women and workers of color in the workplace challenged corporate familialism based on fraternal norms at older companies like Boeing. However, the strength of Boeing's corporate culture, with heteronormative patriarchal assumptions, made implementing structural changes difficult.[13] On the other hand, historian

[9] Barry Bluestone and Irving Bluestone, *Negotiating The Future: A Labor Perspective On American Business* (Basic Books, 1992), 145-64.

[10] John Hoerr, "The Payoff from Teamwork," *Business Week,* July 10, 1989, 56.

[11] Jacoby, *Modern Manors,* 259.

[12] Jacoby, *Modern Manors,* 6, 39, 50, 95, 103-108.

[13] Polly Reed Myers, *Capitalist Family Values: Gender, Work, and Corporate Culture at Boeing* (University of Nebraska Press, 2015), 96-100.

Jennifer Delton persuasively shows that capitalists could be a powerful force for progressive changes at times. The notoriously conservative National Association of Manufacturers encouraged its member firms to desegregate factories and collaborated with the government to develop affirmative action plans. By doing so, Delton argues, NAM "translated to industry the civil rights movement's demand for jobs and equal opportunity." Although their progressive actions were motivated by a desire to avoid further federal legislation, NAM did support equal opportunity and promote women and people of color in business.[14]

## Workforce Diversification at Federal Express

The development of Federal Express's people-first ideology was part of this capitalist effort to incorporate the demands and language of earlier social movements to address a diversified workforce while using the latest human relations management model. Although Federal Express management had used the slogan "People-Service-Profit" from the beginning of its operations, it was only in the late 1970s and early 1980s that management began to extensively promote the slogan and accompanying programs both inside and outside the company.[15] After the deregulation of air cargo and trucking, Federal Express experienced dramatic growth and expanded its workforce. As with other American companies that

[14] When the Ronald Reagan administration proposed to remove federal-mandated affirmative action programs, NAM and the business community even pushed back. Jennifer A. Delton, *The Industrialists: How the National Association of Manufacturers Shaped American Capitalism* (Princeton University Press, 2020), 2, 6, 7, 210-12, 224-25, 232, 268-69.

[15] Federal Express management highlighted the slogan in a letter to its employees with a bonus check as early as December 1973. In May 1974, its quarterly report also ended with Fred Smith's statement, "People, Service, Profits—our people are our most important asset, and I look forward to reporting the improved results which we all know we can produce." Roger Frock, Frederick W. Smith, and Irby V. Tedder, Letter to the Employees of Federal Express and Little Rock Airmotive, Inc., December 14, 1973, box2, folder 32, Robert A. Sigafoos Papers, Special Collection, University of Memphis Library (hereafter cited as Sigafoos Papers); Quarterly Report to the Employees, May 1974, box 2, folder 32, Sigafoos Papers.

implemented affirmative action plans, the racial and gender composition of the workforce became significantly more diverse by the 1980s than in earlier periods. Although most officials and managers were still white men, white women held 17 percent of these higher positions in 1982. At United Parcel Service, women of all races accounted for only 6 percent of officials and managers in the same year.[16] Most notably, a white woman named Carole Presley joined Federal Express at 27 as a sales promotion administrator in 1976, became a manager in 1978, director of advertising and promotion in 1980, vice president of corporate marketing in 1983, and eventually senior vice president in 1985.[17] As Maureen Kearns, a producer at an advertising agency working for Federal Express, and Nancy Altenburg, a Federal Express employee in the advertising department, both testified, Presley held decisive power over the company's advertising since the late 1970s.[18] Altenburg also reported in 1988 that she herself "had women working for me," although "there weren't awful a lot of women in the marketing department, maybe not in the role that they are today."[19]

Racial disparity remained significant, as only 6 percent of officials and managers were Black men, and 2 percent were Black women. At UPS, 9.6 percent of officials and managers were Black men and only 0.7 percent were Black women. At the Federal Express Memphis headquarters, 19 percent of officials and managers were white women, 5 percent were Black

[16] Equal Employment Opportunity Commission. Office of Research, Information and Planning, Employer Information Report Files, 1982, National Archives at College Park.

[17] Carole A. Presley, interview by Scott Ellsworth, May 9, 1988, box 9, FEAHC.

[18] Maureen Kearns, interview by Scott Ellsworth, May 3, 1988, box 9; Nancy Altenburg, interview by Scott Ellsworth, May 10, 1988, box 9, FEAHC.

[19] Nancy Altenburg Interview.

men, and 3 percent were Black women.[20] It should be emphasized that these figures exceeded the statistics for Tennessee employers collected in 1980, when only 15.4 percent, 3.5 percent, and 1.2 percent of officials and managers were white women, Black men, and Black women, respectively.[21] Office and clerical workers were still predominantly women at Federal Express, but more Black people joined the workforce—66 percent were white women and 21 percent were Black women. This ratio of Black women almost doubled that of UPS. Non-professional, blue-collar positions at Federal Express also became more diverse. Semiskilled operatives, who accounted for 40 percent of total employment at Federal Express, included more women and people of color in the early 1980s. In 1982, 63 percent were white men, 13 percent were white women, 15 percent were Black men, and 5 percent were Hispanic men. 30 percent of unskilled laborers were Black men, 11 percent were Black women, and 48 percent were white men.[22] An article in the corporate newsletter from June 1983 also listed the recipients of its Reach for Excellence prize for "Top 10 missort Frequencies" of April 1983, along with photographs of the top five sorters. Terri Cox, a Black woman, was at the top of this list, followed by James Tsiu, an Asian American man; John Cooley, a white man; Adrian Johnson, a Black man; and Dorothy Oliver, a white woman.[23]

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[20] Equal Employment Opportunity Commission, Employer Information Report Files, 1982.

[21] Equal Employment Opportunity Commission, *Equal Employment Opportunity Report – 1980: Job Patterns for Minorities & Women in Private Industry, 1980,* vol. 1 (GPO, 1982), 584.

[22] At UPS, 15 percent, 1.1 percent, and 68 percent were Black men, Black women, and white men, respectively. Equal Employment Opportunity Commission, Employer Information Report Files, 1982.

[23] "Reach for Excellence," *Update,* June 1983, box 3, folder 53, Sigafoos Papers.

These sources demonstrate that it was during the period of workforce diversification that Federal Express renewed its investment in the corporate slogan "People-Service-Profit." By the early 1980s, white women were entering higher-level positions at Federal Express, while Black men and women joined the workforce as less-skilled workers. Compared with the early 1970s, when the company's workforce was predominantly white men, it had become more diverse by the early 1980s, similar to its counterparts in Memphis. The workforce's growing diversity and the expansion of nationwide operations made it more difficult to cultivate a sense of belonging among Federal Express employees by the late 1970s. An executive explained the challenge of implementing an employee program in 1983, saying, "With more than 14,000 people today, half of our employees were not around for the 'good ole days' when senior management and Fred Smith walked the halls and were accessible to everyone."[24] Facing this challenge, Federal Express began establishing a range of employee programs and promoting the philosophy as an integral part of its management vision. The rhetoric of "people" sent a powerful message to the workforce, which included not only white men but also white women and Black women and men. The company promoted its affirmative action plan in the language of the corporate slogan, as its newsletter reported in 1982, "The thrust of the programmatic aspects of the plan is to support the corporation's long-standing policy of equal employment opportunity as an extension of its People philosophy."[25] To attract and retain employees, Federal Express chose to advertise the "people-first" ideology rather than the military-originated, often exclusive "camaraderie," and to create a progressive corporate image that aligned well with the era of affirmative action.

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[24] Tricia Autry, "Quality Circles Find A Home at FEC," *Update,* January 1983, box 3, folder 53, Sigafoos Papers.

[25] Karl VanBuren, "EEO/Affirmative Action Sets Goals, Timetable," *Update,* September 1982, box 3, folder 53, Sigafoos Papers.

Just like the veteran managers and executives appropriated the image of Vietnamese soldiers fighting the U.S. government, they took the ideas of the civil rights and feminist movements to formulate a progressive corporate identity.

## Progressive Antiunionism

The late 1970s marked a period of reform at Federal Express, driven not only by workforce changes but also by union efforts in the mid-1970s that underscored the need for more sophisticated employee management. As the organizing campaigns of the Teamsters and the Air Line Pilots Association alerted managers to the "threat" of unions, it became especially necessary to build loyalty among diverse workers. In the 1977 Business Plan, the Industrial Relations Department reported that, following the union drive, it had made significant changes to its employee relations by reorganizing the Personnel Department, improving communication, establishing industry contacts, and conducting wage surveys. The Communications Department also revised the company newsletter, developed special communications for Memphis-based workers, improved Employee Briefing, and expanded the use of the bulletin board.[26] Around this time, Fred Smith hired Charles Hughes, a former IBM consultant and leading scholar of industrial relations, to formulate employee programs at Federal Express.[27] As historian John Logan describes, Hughes represented a new generation of personnel psychologists who played a major role in introducing modern behavioral and social science techniques into corporate efforts to combat union organizing. He emphasized the importance of creating a workplace environment

[26] Federal Express Corporation Fiscal Year 1977 Business Plan, box 1, folder 1, Sigafoos Papers.

[27] He had worked with IBM between 1959 and 1964 extensively. Research note, box 3, folder 45, Sigafoos Papers; Robert A. Sigafoos, *Absolutely, Positively, Overnight!*, 149; John Logan, "Union Avoidance Industry in the United States," *British Journal of Industrial Relations* 44 no. 4 (2006): 651-75.

and employee relations to "avoid" unions, rather than campaigning against them only during the organizing period. In accordance with this philosophy, Federal Express's People-Service-Profit served as the foundation of the company's management approach to eliminate any source of union organizing before it occurred.[28] The company developed employee relations policies largely following Hughes' ideas including his hallmark, employee attitude survey, promotion from within, and no layoffs.

At Federal Express, the antiunion assumption and the effort to create an inclusive workplace were well aligned within the people-first framework. In the United States, corporate promotion of equal employment opportunities during the 1980s developed alongside the decline of the union movement. Since the 1950s, businesses had tried to spread antiunion politics within Black communities and to create tension in the Black-labor alliance by tapping into dissatisfaction with racially discriminatory unions.[29] Such cracks deepened in the 1980s as a few college-educated, professional Black workers gained access to corporate America, while people without college degrees and professional skills were seen as lacking motivation. Businesses also successfully included college-educated women into their communities, away from unions. For example, historian Allison Elias's analysis of clerical work during this period shows that "corporate promotion of equal opportunity settled comfortably alongside occupational segregation by gender," as businesses subsumed some of the feminist ideas, such as equal opportunity, individualism, and meritocracy, while ignoring occupational segregation, denying pay equity, and rejecting unionization. In particular, human resource management in the 1980s

[28] Logan, 661-63.

[29] Reuel Schiller, "Singing 'The Right-to-Work Blues': the Politics of Race in the Campaign for 'Voluntary Unionism' in Postwar California," in Nelson Lichtenstein and Elizabeth Tandy Shermer ed., *The Right and Labor in America: Politics, Ideology, and Imagination* (University of Pennsylvania Press, 2016), 155-175.

promoted professionalization, job satisfaction, and motivation, ideas that professional women tended to embrace, but it neglected the problems of low pay and gender segregation that union feminism emphasized, leaving working-class women behind.[30] The long-term outcome is what Nancy Fraser calls progressive neoliberalism, an alliance between progressive social movements and capitalist forces that weakened unions, expanded economic inequality, and increased workers' precarity.[31]

Federal Express's "people-first" slogan reflects this current in corporate diversity promotion, which supported individual hard work and equal opportunity while underpinning an antiunion assumption. It originated from a version of feminism and anti-racism that denied efforts to redistribute wealth through union movements among people with diverse class, gender, and racial backgrounds. This was a corporate response to the rising union movement of women and people of color, who finally entered the desegregated labor market and joined unions in the 1970s. Historian Lane Windham has argued that businesses renewed their attack on labor when many white women and Black people actively participated in and helped revive the union movement.[32] To include those women and Black people in the corporate "manor," in the words of Sanford Jacoby, Federal Express created a multicultural, progressive-looking community of "people" by recruiting workers who welcomed challenges as growth opportunities and whose

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[30] Allion Elias, *The Rise of Corporate Feminism: Women in the American Office, 1960–1990* (Columbia University Press, 2022), 8, 11, 101, 105, 156-75, 178

[31] Nancy Fraser and Johanna Brenner, "What is Progressive Neoliberalism?: A Debate," *Dissent* 64, no. 2 (2017): 130-140; Nancy Fraser, *Fortunes of Feminism: From State-Managed Capitalism to Neoliberal Crisis* (Verso, 2013), 4; Scholar of African American philosophy Cedric Johnson makes a similar point in his call for redistribution and working-class solidarity beyond ethnic lines by criticizing "elite corporate blacks" who exploited the language of Black Power. Cedric G. Johnson, *The Panthers Can't Save Us Now: Debating Left Politics and Black Lives Matter* (Verso, 2022), 48-49, 54, 58, 62, 65, 81.

[32] Lane Windham, *Knocking on Labor's Door: Union Organizing in the 1970s and the Roots of a New Economic Divide* (University of North Carolina Press, 2017).

labor was individually appreciated. It is symbolic that in a 2006 book, former executive Roger Frock began his introduction to the corporate philosophy with a story of a Black woman, Debra Howse, whom Smith hired in Little Rock in the early 1970s. After an interview, Smith hesitated about the hiring because Howse, who worked for American Airlines, was a widow with two young children, and he did not want to involve her in the risky venture business. According to Frock, Howse said, "I was just overwhelmed by Fred's compassion and by the atmosphere of the company. From then on, if you cut me, I'd bleed purple – the color of Federal Express." Frock then added that she emphasized the racial implication by saying, "Federal had gender and racial equality and opportunity long before they became buzzwords. Fred was from the South, and he could easily have taken a different route when it came to hiring."[33] Whether this story is true or not, the corporate slogan clearly gave the management team room to promote racial and gender equality while being antiunion, which they took full advantage of. In response, highly motivated first-generation women and African American workers did not reject the ideology during the 1980s, when economic inequality was increasing and maintaining middle-class status was becoming more difficult. The dismantling of the postwar workplace regime dominated by white men created new opportunities for them, while it also coincided with the declining influence of unions. As much as the term "people" erased the class distinction, it also blurred the racial and gender complexities that existed among the "people."

Thus, college-educated workers of color often publicly represented Federal Express's people-first ideology and led antiunion personnel programs as managers and executives. During the 1970s and 1980s, the company hired and promoted Black professionals and managers, some of whom adopted the antiunion philosophy. The most notable was James A. Perkins, who was

[33] Frock, *Changing How the World Does Business*, 65-66.

appointed senior vice president for personnel in 1979 in his mid-30s. Growing up in Orange Mound, a historically African American neighborhood in Memphis, he was part of the rising generation of Black students in the South. In 1965, he graduated from Tuskegee Institute, where he met prominent leaders of the Black freedom struggle at the height of the modern civil rights movement and witnessed firsthand the value of determination in effecting social change.[34] After serving in the Air Force in Vietnam, he spent five years as Federal Express's regional personnel manager in Dayton, Ohio, Boston, Chicago, and Memphis. According to a *Black Enterprise* article that celebrated his accomplishments as a Black business executive, Perkins was responsible for instituting various programs at Federal Express to "ensure fairness in the workplace." Because Fred Smith was hesitant about many of his ideas, Perkins had to "lobby hard initially for the tools to get many personnel programs in place." Perkins believed in the importance of employee grievance procedures and open communications because "[w]hen employees don't have fair policies in place, they turn to outside forces like unions." His employee programs, based on the people-first ideology, clearly aimed at removing unions while raising worker morale and increasing productivity. Perkins defended the company's position in the article by saying, "We are not really anti-union," but "[o]ne of our objectives is to create an environment where unions are unnecessary." Perkins, the son of a Memphis Firestone factory foreman, remained in the position until the 1990s and led the implementation of programs to satisfy employees and prevent unionization.[35] In this role, he publicized the people-first

[34] Sybil C. Mitchell, "LEGACY: James A. Perkins, FedEx's First African American SVP and Chief Human Resources Officer," *Tri-State Defender,* November 27, 2019.

[35] David J. Dent, "Overnight Sensation: James Perkins is on a mission to keep Federal Express at the top of the courier service industry," *Black Enterprise*, June 1988, 308-14; "Perkins Promoted at Federal Express," *Tri-State Defender,* June 23, 1979.

philosophy within the business community, including through a *Harvard Business Review* article in which he explained that Federal Express had always put "people first" through its "progressive" management programs.[36] When Perkins, who his friends called "the black Fred Smith," died in 2019, FedEx released a statement acknowledging that his "innovative ideas helped establish the people-focused culture."[37]

Perkins was hardly the only Black professional at Federal Express. The company provided training and promotion opportunities to the first generation of highly motivated executives and managers of color, particularly in Memphis. Edith R. H. Kelly began her career at Federal Express as a senior accountant in 1977 and rose through the corporate ranks during the 1980s. Originally from Oxford, Mississippi, Kelly completed a degree in business administration and accounting at the University of Mississippi in 1973, became the first Black woman Certified Public Accountant in Tennessee in November 1974, and served as the 1977-78 president of the Memphis Chapter of the National Association of Black Accountants.[38] She held management positions in accounting and finance at Federal Express while earning a master's degree at Vanderbilt University's weekend program. In 1990, she became a managing director of the publishing services department, overseeing 400 employees at 37.[39] Kelly was then promoted to vice president of quality and internal audit, in which role she delivered the 1993 presentation to the Dunlop Commission. There, she tried to persuade the Commission members of the

[36] James Perkins, "How Does Service Drive the Service Company?," *Harvard Business Review*, November-December 1991: 156-57.

[37] Mitchell, "LEGACY: James A. Perkins."

[38] "Member Beat," *Tri-State Defender,* September 3, 1977.

[39] Deborah White, "Fed Ex Executive Finds Publishing Challenging," *The Commercial Appeal,* April 2, 1990.

effectiveness of the people-first approach, representing the ethos of Federal Express after 16 years of working there.[40]

Vick Gilmore (later changed to Vicki Gilmore Hawkins), an alumna of Memphis's predominantly Black Southside High School, a founding member of the Memphis Coalition of Black Youth, and a former co-chairman of the Black Student Association at prestigious Southwestern University (now Rhodes College), began working for Federal Express in 1978 after earning an MBA in finance from Memphis State University.[41] In 1980, she was already a finance manager at 27, while also serving on the boards of directors of various Memphis organizations, including the National Association for the Advancement of Colored People.[42] She acknowledged that more Black women "are taking that extra step" to get "nontraditional corporate jobs," although "corporations will not accept more than one or two." In fact, even in 1983, Gilmore-Hawkins was still one of the only two Black finance managers at Federal Express. In a 1981 interview, she described a pattern of pushback from white coworkers, including "the white female" who "may even try to undermine the black female" because "[i]f a white and a black female were up for the same job, the white female would have the ear of the white male superior in most instances."[43] Despite the expected hardship, she still took the job at Federal Express because she was "young enough and bold enough to think I could do it."[44] A

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[40] "Accomplished Alumna Edith Kelly-Green Boosts Accountancy Scholarship," *Oxford Eagle,* March 1, 2022.

[41] "Started with 6 Members: Memphis Coalition of Youth Now One Year Old," *Tri-State Defender,* April 5, 1975.

[42] "Gilmore-Hawkins," *The Commercial Appeal,* July 27, 1980.

[43] Ron Walker, "Memphis' Black Women Show Common Goals In Varied Ways," *The Commercial Appeal,* July 21, 1981.

[44] Leroy Williams Jr., "'Tiptoes' Won't Clear Corporate Hurdles," *The Commercial Appeal,* September 21, 1983.

strong belief in economic independence drove her to seek a career. Married to a manager with the Tennessee Valley Authority, Hawkins still asserted that "Able-bodied women should pitch in and take care of themselves and their children."[45] As it turned out that "[t]he resistance proved minimal," she stayed in Federal Express for five years before seeking an even higher-up position at Coca-Cola in Atlanta.[46]

Black people also served in technical and clerical positions at Federal Express. For example, Robert Toles, a graduate of the Memphis State University, joined Federal Express as a project engineer, where he was trained to be "more conditioned to an extremely fast paced work environment," before starting one of the two Black engineering firms in Memphis.[47] Federal Express highlighted the presence of Black women, just like other employees, as loyal employees in its internal communications, too. A 1981 issue of the corporate newsletter introduced Leaster Smith, a Black woman who had served as a sales training coordinator since 1973 and had never missed a day of work.[48] Another issue from June 1983 featured a photograph of Ersia Wilson, a Black woman from the liability analysis department, celebrating her 10-year anniversary at Federal Express.[49] The presence of well-trained Black managers and employees progressing within the company in the 1980s helped Federal Express stand out as progressive in corporate America. *Black Enterprise* listed Federal Express as one of the "25 Best Places for Blacks to

[45] Walker, "Memphis' Black Women."

[46] Leroy Williams Jr., "'Tiptoes' Won't Clear Corporate Hurdles," *The Commercial Appeal,* September 21, 1983.

[47] "Black Business Spotlight: Watching Dad Build Paid Off For Son," *Tri-State Defender,* January 27, 1988.

[48] "Leaster Has Been With FEC Every Day for 7 ½ Years," *Update,* November 1981, box 3, folder 53, Sigafoos Papers.

[49] "Line Haul Operations—Ten Years with FEC," *Update,* June 1983, box 3, folder 53, Sigafoos Papers.

Work" in the country in 1991, with 13.03 percent of its 4,928 managers and 5.2 percent of senior management positions held by African Americans.[50] These numbers were significantly higher than the national average in 1990, with 5.16 percent of officials and managers being African American nationwide.[51] At unionized UPS, 10.3 percent of its managers and officials were African American in 1991.[52]

The first generation of white women who finally gained access to the corporate world similarly adopted the people philosophy at Federal Express. In 1988 oral history interviews, Nancy Altenburg, from the advertising department, and her manager, Carole Presley, both stubbornly denied experiencing gender-based discrimination at work. Altenburg described her stance toward the still predominantly male world of corporate management by saying, "I'm not a real liberal on that subject anyways. I have a tendency to be one of the guys."[53] Presley, who eventually became senior vice president in 1985, responded more aggressively to the interviewing historian's question about potential discrimination against women by Federal Express's business partners. She said, "I guess I see why you, as a historian, might feel that way.

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[50] "25 Best Places for Blacks to Work," *Black Enterprise,* February 1992; Non-Black people of color also contributed to the development of people-first programs. Perkins's Personnel Division named Roy Yamahiro, a Japanese-American former manager at Detroit-based Martin Marietta Aerospace Co., vice president of organization development and training in October 1982. Yamahiro told the corporate newsletter that his vision "is to have our department play a role in the development of Federal Express as the best 'people' company in the world." Robert A. Sigafoos also introduced David Chung, a supervisor at a Chicago dispatcher's station, in his description of Federal Express operations. According to Sigafoos, Chung joined the company in Los Angeles and grew to like it as a company "on the move." A courier referred to the supervisor as "gun ho Federal Express," highlighting his passion, approachability, and engagement. Carolyn Gause, "Bean and Yamahiro Named Vice Presidents," *Update,* November/December, 1982, box 3, folder 53, Sigafoos Papers. Sigafoos, *Absolutely, Positively, Overnight!*, 16.

[51] Equal Employment Opportunity Commission, *American Experiences Versus American Expectations,* July 2015, accessed March8, 2026, https://www.eeoc.gov/special-report/american-experiences-versus-american-expectations.

[52] Equal Employment Opportunity Commission, Employer Information Report Files, 1991.

[53] Nancy Altenburg, interview by Scott Ellsworth, May 10, 1988, box 9, FEAHC.

I guess I lived it, and so I know what really happened, and it wasn't actually that." While admitting she had to earn respect to conduct business smoothly, she believed it was the same for men and thus, "I'm not sure that was sex or any issue." She concluded her business experience with men by saying, "I was treated with respect."[54] Her comments indicate her tough, competitive spirit and emphasis on individual hard work, traits embraced by Federal Express's progressive, high-speed culture. Maureen Kearns, an advertising agency employee who worked with Presley, confirmed this when she explained that "Carole […] was more of a man than a lot of men. […] She can talk like a truck driver…and she looks…she just looks very big. She is a big woman so she could be intimidating, so I don't think she felt threatened at all."[55] As sociologist Rosabeth Moss Kanter observed in 1977, those few women who entered predominantly male managerial roles became tokens and experienced three perceptual tendencies, including visibility, contrast, and assimilation. While tokens' high visibility as "different" resulted in heightening the dominant group's self-consciousness of their shared identity, tokens may also need to demonstrate loyalty to the dominant group to avoid further isolation.[56] Then, those first-generation women in middle- and top-management positions at Federal Express likely shared experiences with their peers in other American companies, especially during the 1970s, when women were still rare in managerial roles at the company.

[54] Carole A. Presley, interview by Scott Ellsworth, May 9, 1988, box 9, FEAHC.

[55] Maureen Kearns, interview by Scott Ellsworth, May 3, 1988, box 9, FEAHC.

[56] It is also interesting that Kanter included "flattering managerial hierarchies" and "training for managers" about their own behaviors so they could "provide power backup" in her list of suggestions for structural changes in organizations. These are strategies that Federal Express adopted in its human resource management to make the workplace more inclusive and immune to unions. Rosabeth Moss Kanter, *Men and Women of the Corporation* (Basic Books, Inc., 1977), 210-30, 276, 280.

They distanced themselves from the contemporaneous feminist movement and joined the close-knit corporate community by being "one of the guys" and "more of a man than a lot of men."

Another woman executive at Federal Express emphasized the value of hard work and dedication to fellow workers, an element of the corporate culture dating back to earlier periods. Mary Alice Taylor, a 1971 graduate of Mississippi State University who joined the company in 1980 at age 30, was promoted to senior vice president for central support services in 1991. In 1992, Taylor, a Certified Public Accountant, proudly discussed how she and approximately 300 other managers and employees from various departments volunteered to help load and unload packages at the hub during the peak season. She explained, "Volunteering to work at the hub is a morale booster for us" because "[i]t puts them in touch with the heartbeat of the company – the thing that pays all of our paychecks." Just as Fred Smith did in the 1970s, Taylor visited Federal Express facilities as a self-described "hands-on" manager and supported the foundation of employee-directed groups in operations planning.[57] Taylor was aware that the company's personnel policies and programs ran against the idea of unions. In a 1995 newspaper interview, she said unions had a place in "40, 50, 60 years ago," but not anymore, given established regulations of occupational safety, work hours, and the minimum wage.[58] The presence of women managers, who grew to account for 24 percent of management by 1987, indicated ample opportunities for women, leading the company to be listed as one of the fifty-two "Best Companies for Women" by Baila Zeitz and Lorraine Dusky in 1988.[59] Jacqueline Morgan, an

[57] Dave Hirschman, "Taylor, Fed Ex brace for rush," *The Commercial Appeal,* December 21, 1992.

[58] Marc Duvoisin, "Labor of Love," *The Philadelphia Inquirer,* May 7, 1995.

[59] Baila Zeitz and Lorraine Dusky, *Best Companies for Women* (Simon & Schuster, 1988); Paula Wade, "Federal Express Rated among Best for Working Mothers," *The Commercial Appeal,* July 23, 1987.

African American service agent in Manhattan, New York, described the workplace environment that motivated women's upward mobility, stating, "You can move up in the company – there's no one holding you back."[60]

Many middle-class women in non-executive roles supported the people-first philosophy as working mothers. In fact, the company was part of a family network for many Memphians. During the 1970s and 1980s, local newspapers offered free engagement announcements, and 1,481 Federal Express employees' names appeared in these announcements between 1976 and 1989. 572 of them were brides. Some employees at both managerial and frontline levels married one another. Over the 14-year period, 192 Federal Express employee couples had their engagements announced in *The Commercial Appeal*, including 56 Black couples.[61] As of 1987, the company offered women a maternity leave policy that included full pay for a week and 70 percent pay for up to twenty-six weeks. It also accommodated working parents with four-day workweeks and 7 AM to 3 PM shifts. Such programs, along with the grievance procedure and the presence of 768 managers, twenty-two directors, one vice president, and two senior vice presidents who identified as women, led *Working Mother* magazine to list Federal Express as one of America's forty "Best Companies for Working Mothers."[62]

Daughters saw their mothers, especially those with college degrees, successfully build careers at the company during the 1970s and 80s, which inspired them to follow the same path in the 2000s. Debby Franklin, a University of Mississippi graduate, began working in customer

[60] Nancy Stedman, "In the Business of Equity," *Daily News,* June 22, 1988.

[61] Engagement Announcements, *The Commercial Appeal*, 1976-1989.

[62] Paula Wade, "Federal Express Rated among Best for Working Mothers," *The Commercial Appeal,* July 23, 1987; Rick Gladstone, "New Employment Issue: Child Care," *The Herald,* October 15, 1989.

service in 1983. A few years later, her daughter Hollie was born, and she grew up with the company, receiving handmade gifts as a little child from her colleagues on the help desk. At 24, after graduating from Ole Miss, Hollie joined her mother, who had become a senior technical analyst. Similarly, Sheila Hardman began her career as a meeting planner in 1979, the year her daughter, Steffani, was born. The company was part of her childhood memory, as she recalled, "I remember coming to her office when I was sick" and "I would sit and color in her cubicle." In 2003, she began her career at FedEx after graduating from the University of Memphis and sometimes brought her young daughter to the workplace, introducing her to the company.[63] Sherry Little, who joined Federal Express in February 1973 as a customer service agent at the hub, became a media relations secretary in the late 1990s. Little was still with the company at age 61 in 2008, when she recalled that all her important life events occurred during her time there, including giving birth to her son. "And now, my son works at the hub," she proudly explained to a local newspaper.[64] In 1995, Teri Eidson, an immigrant from Australia, began her professional pilot career at FedEx, which allowed her to fly short trips so that she could spend time at home, "probably more than a mom who worked 40 hours a week." Her daughter, Nicole McCallister, grew up dreaming of working for FedEx as the company "has always been a part of my life." That dream came true, and she flew Boeing 777 with her mother from Memphis to Incheon, South Korea, in April 2023.[65]

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[63] Wayne Risher, "Mothers Lead Way to FedEx Careers: Daughters Follow Footsteps to Family-Friendly Employer," *The Commercial Appeal,* May 10, 2009.

[64] Jane Roberts, "For 35 Years, 'FedEx has been my university,'" *The Commercial Appeal,* February 5, 2008.

[65] "FedEx Makes History with First Mother-Daughter Pilot Team on International Flight.," *AirGuide Business,* May 13, 2023; Emily McMackin, "These Mother-Daughter FedEx Pilots Are Making History," StyleBlueprint, September 17, 2023, accessed March 6, 2026, https://styleblueprint.com/everyday/female-fedex-pilots/

The fact that some women and African Americans actively led the effort to create the corporate community of "people" demonstrates that successful welfare capitalism does not have to rely on racial and gender divisions among workers. When affirmative action plans enabled workers with strong education and training to enter sectors of the economy that had long been closed to them, businesses used a welfare capitalist framework to celebrate individual success and keep them away from union influence. As "people" was originally a term used by progressive movements in U.S. history, businesses appropriated the language and demands of the civil rights and feminist movements to maintain capitalist control over employees. Welfare capitalism adapted to the era of equal employment opportunity through employee programs designed as alternatives to the Equal Employment Opportunity Commission and the National Labor Relations Board, as discussed on the following pages. Indeed, Federal Express proudly claimed that it had few EEO violations in its newsletter to employees. In an interview with three professionals in August 1981, including attorney Marian Cover, the first woman and first person of color in the legal department, who would found the Leadership Institute for Women of Color Attorneys, Inc. in 2006, the newsletter reported that "[o]ut of 9,928 employees in mid-July, we had 23 charges," which was much lower than the industry's average of five to ten percent.[66] Through such efforts, Federal Express translated the demands of the civil rights and feminist movements into a corporate setting and promoted them. In this process, its executives and managers removed unions from the framework to accomplish workplace inclusion and equity.

[66] "Sexual Harassment, Discrimination, Fair Treatment, Equal Employment Opportunity—Tell Us About It!," *Update,* August 1981, box 3, folder 55, Sigafoos Papers.

## People-Service-Profit at Work

In 1978, *The Commercial Appeal*, a daily newspaper in Memphis, reported that some corporate executives in the city named Federal Express's fringe benefits as "one of the best." It included a wide range of insurance, from dental care to life insurance, free flights on company planes, as well as up to 90 percent off flights with seventeen other airlines. As of 1978, employees taking technical and college courses were eligible for tuition refunds of up to $1,000. Federal Express also provided its employees with "Comp-Up-Cards" to help them buy cars and other items at discount rates.[67] The company maintained and expanded its benefit packages into the 1980s. In 1982, another article introduced Federal Express's benefit package, which included a no-layoff policy, a gas station where employees could buy gasoline at wholesale prices, a travel bureau that offered vacation planning, and an employee association that provided monthly activities such as trips and cruises.[68] According to the company's 1983 benefits handbook, Federal Express continued to offer a variety of benefit programs, including health care, income protection, survivor security, and retirement income.[69] The company especially emphasized profit sharing when communicating with its employees in the 1970s and the early 1980s. By offering eligible employees a share of the company's annual net profits in the form of stock ownership, the program reinforced the notion that their performance determined the future of Federal Express.[70] The competitive labor market drove the company's commitment to employee

[67] Emmett Maum, "For Many, Fringe Benefits Are Like Fatter Paychecks," *The Commercial Appeal,* August 6, 1978.

[68] William R. Steverson, "Fringe Benefits Loom Large as Lure to Potential Employes," *The Commercial Appeal,* January 3, 1982.

[69] Federal Express, Your Employee Benefits, 1983, Memphis Public Library.

[70] Quarterly Report to the Employees, May 1974, box 2, folder 32, Sigafoos Papers.

benefits. Steve Priddy, director of compensation and benefits, explained in 1982, "Employees are very smart…Believe me, everybody that works for a company is aware of what other employes (at other companies) are getting."[71]

Federal Express's employee benefits extended beyond salaried and full-time workers. The company relied on local college students to perform hourly jobs at the hub late at night. Economist Robert A. Sigafoos described in the early 1980s that "most of the 800 part-time handlers, keyers, and sorters" at the Memphis hub were "young college students" who were "wearing Memphis State University sweatshirts."[72] The company regarded those college students as part of the "people" within the close-knit corporate community, provided they remained in college and could work irregular schedules. In the early 1980s, Federal Express and universities in Memphis established the Federal Express College Referral Program to recruit students for night-shift work at the hub. By 1983, the hub employed between 1,000 and 1,300 students from nine local schools, including Memphis State University, the historically Black LeMoyne-Owen College, Shelby State Community College, and Southwestern, now known as Rhodes College. Among the 1481 Federal Express employees whose names appeared in local engagement announcements, 72 were reportedly enrolled in two-year institutions and 342 in four-year colleges. The four-year university students included 302 at MSU.[73] Students worked from 11:30 PM to 3:30 AM, about fifteen to twenty hours per week, at a wage of $7.49 per hour.[74] The part-time workers were initially guaranteed only two hours, but to incentivize on-

[71] Steverson, "Fringe Benefits."

[72] Robert A. Sigafoos with Roger R. Easson, *Absolutely, Positively Overnight!: The Unofficial Corporate History of Federal Express,* second ed., (St. Lukes Press, 1988), 18.

[73] Engagement Announcements, *The Commercial Appeal,* 1976-1989.

[74] Robert A. Sigafoos wrote in 1983 that when he went on a facility tour, the Memphis college students' starting pay was $6.91 per hour, with experienced workers earning up to $9.00 per hour. The students were

time sorting, management extended the hours.[75] The job was described as "fast paced, physical, and dirty," but part-time working students qualified for $750 in tuition reimbursement, free dental and medical coverage, and free weekend flights after completing one year of work. Only freshmen, sophomores, and juniors were eligible to apply.[76] According to the employee benefits supervisor, 664 full-time and 255 part-time employees participated in the tuition refund program in 1982.[77]

The hourly wage of $7.49 was lower than what many employees in Memphis's unionized manufacturing industry made—for example, a woman production worker with a five-year career at a Firestone factory earned $12.88 an hour before losing her job in 1981. However, Federal Express's wage was still significantly higher than the $3.35 minimum wage and what the city's working-class population expected to make during the time of plant closings. Most laid-off Firestone workers hoped to find jobs "in the $7-to-$8-an-hour range," but with the economic situation, they started to consider taking jobs paying as low as $4.50 in 1983.[78] In this context, Federal Express offered many residents of Memphis, including college students, a decent-paying job opportunity. It should also be noted that the company's short evening and overnight shifts likely drew people with daytime, full-time jobs who were experiencing economic hardship.

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guaranteed 17 ½ hours of work per week. Sigafoos, *Absolutely, Positively, Overnight!,* 18.

[75] Frock, *Changing How the World Does Business,* 180.

[76] The tuition reimbursement for a full-time employee was up to $1,500 per year as of 1982. "FedEx Job Opportunities," *The Sou'wester* 70, no. 8 (1983), Rhodes College Digital Archives. https://dlynx.rhodes.edu/entities/publication/1c5f0bee-a0a0-4a86-8413-6f9f66d33cee.

[77] Mary Duffer, "Going Back To School This Fall? Here's a Cost-Effective Way," *Update,* August 1982, box 3, folder 55, Sigafoos Papers.

[78] William Fuller, "Many Laid Off From Firestone Face Bleak Job Market Reality," *The Commercial Appeal,* June 12, 1983.

Economist Robert A. Sigafoos observed how a Chicago public school teacher was "working a furious pace" at the city's dispatcher's station as a hazardous material handler between 7:30 PM and 10:15 PM. The workplace was becoming diverse, not only in terms of race and gender but also in terms of people's life situations in the 1980s. The irregular length and hours of work schedules, necessary to maintain Federal Express's flexible operations, created opportunities for diverse individuals to earn wages by filling gaps between their more traditional work and school responsibilities.

While Federal Express highlighted employee benefits to promote its people-first philosophy, the central pillar of its management practice was extensive communication with employees. As historians Elizabeth Fones-Wolf and Sanford Jacoby have explained, midcentury American employers made the most of communication channels such as bulletin boards, journals, pamphlets, and personalized letters to foster company consciousness and loyalty among employees. Sears used communication tools to "create an amiable and cohesive work culture" by depicting executives and top managers in an "irreverent and humanizing fashion," thereby bringing managers and workers closer.[79] Federal Express followed this trajectory by issuing multiple corporate and departmental newsletters featuring individual employees and their accomplishments, sending seasonal letters, updating employees on corporate operations via bulletin boards, and training managers to maintain two-way communication with their subordinates. The company had positions dedicated to internal communications and hired

[79] Jacoby, *Modern Manors,* 41-43, 127-28; Elizabeth Fones-Wolf, *Selling Free Enterprise: The Business Assault on Labor and Liberalism, 1945-60* (University of Illinois Press, 1994), 78-83. Kim Phillips-Fein also notes that Lemuel Ricketts Boulware, vice president of labor and community relations at General Electric, used various communication tools to educate workers and community members about free-market ideology as part of their fight against unions during the 1950s. Kim Phillips-Fein, *Indivisible Hands: The Businessmen's Crusade against the New Deal* (W. W. Norton, 2009), 98-102.

professional editors with journalism degrees to work for the "progressive employee oriented corporation" since the 1970s.[80]

The internal publications they produced demonstrated their commitment to human relations and educated managers about the importance of direct communication. Fred Smith highlighted the importance of communication in a 1981 issue of the management newsletter, saying, "Managers who put the communication programs, formal and informal, at the bottom of their priority lists are doomed to remain in the present positions or fade away." The company launched newsletters and communication programs one after another in the late 1970s and early 1980s, and corporate leadership expected managers to use them to foster a "candid communication climate." The final purpose of such efforts, according to the management newsletter, was "to encourage every one to speak their mind and bring tough topics out in the open."[81] By establishing both formal and informal channels for listening to and responding to employees, the company sought to signal that management was taking good care of them. By covering every possible cause of employee dissatisfaction, from personal relationships to wages and health, in a highly structured manner, Federal Express ensured that all problems would be resolved within the company.

With the implementation of Quality Circles, later renamed Quality Action Teams, the company kept pace with the business trend of involving workers in operational decision-making. In December 1981, Quality Circles began in Federal Express's maintenance and engineering departments and gradually spread to other areas in the 1980s. Under this program, a small group

[80] Federal Express Corp., job postings, *The Commercial Appeal*, September 23, 1974; October 24, 1976; Federal Express Corp., job postings, *Press-Scimitar,* March 14, 1977.

[81] "Telling It Like It Is," *MGMT Memo,* January 1981, box3, folder 53, Sigafoos Papers.

of employees with similar responsibilities met weekly for one hour to discuss common problems and solutions to make their jobs easier, set objectives, and measure improvements. At Federal Express, management promoted the program not so much as a means to improve productivity as "a way of letting our employees know that their ideas have worth and merit to use." Frank Maguire, senior vice president of corporate communications, described the program as "a commitment on the part of management to listen to the individual and a way for the employees to fully realize their individual capabilities." While noting that the program had been imported from Japan and was gaining popularity among American employers at the time, Federal Express managers found a natural connection between the management trend and its people philosophy.[82]

Federal Express listened to its employees when making decisions, even in areas seemingly unrelated to their day-to-day work. In the 1970s and early 1980s, the company worked with an outside advertising agency, Carl Ally Inc. (later renamed Ally & Gargano), and gained fame with a series of humorous TV commercials. Maureen Kearns, one of the producers at the agency, worked on Federal Express's commercials between 1978 and 1987 and testified that the company showed the commercials to employees at meetings and observed their reactions before deciding whether to air them. "If the employees didn't like them," she remembered, "they listened to them." According to her, this commitment to employees posed a challenge for the producers, especially when employees wanted to see themselves in commercials, because they still needed to make the commercials humorous without making fun of the workers.[83] These words from an external business partner reveal the company's dedicated effort to communicate

[82] Tricia Autry, "Quality Circles Find A Home at FEC," *Update,* January 1983, box 3, folder 55, Sigafoos Papers.

[83] Maureen Kearns, interview.

to its employees that they were seen and heard within the corporate community. Furthermore, in February 1983, the company implemented the Corporate Neighbor Program to increase employees' input into the use of corporate resources for community involvement. Modeled after Levi Strauss & Co.'s Community Involvement Team program, the program accepted project proposals from employee teams and provided financial and staff resources, which President Pete Willmott called "a clear show of faith in the leadership and judgment of our people."[84]

Federal Express also established other communication channels to ensure that its employees have a voice in departmental and corporate affairs. When a worker had grievances about their relationship with managers, they could take advantage of a program called "Guaranteed Fair Treatment Procedure (GFT)." James A. Perkins, senior vice president of personnel, played a central role in instituting it, based on his belief in "fairness" to employees. This program was designed to address the issues typically handled by outside institutions, such as unions, the National Labor Relations Board, and the Equal Employment Opportunity Commission. Just as in a court system, employees could file their complaints with a panel consisting of their immediate managers, and, if not satisfied, appeal to two additional panels at higher levels of management. Although Perkins claimed, "The process is heavily weighted in favor of the employee," unlike a judicial proceeding, the same authority acted as the defendant and the judge in this system.[85]

In a 1982 article in an internal newsletter for managers, Fred Smith explained the ideas behind the GFT, noting that its codification and display showcased the tenets of the "people-

[84] Pauline Peterson, "Corporate Neighbor Program to Start in February," *Update,* January 1983, box 3, folder 55, Sigafoos Papers.

[85] David J. Dent, "Overnight Sensation: James Perkins is on a mission to keep Federal Express at the top of the courier service industry," *Black Enterprise*, June 1988, 308-14.

oriented philosophy." Smith stated that since its implementation, the number of employee objections had increased, causing managers to view it as a limitation of their power. To address these concerns, Smith discussed the "inherent 'friction'" between the "two forces that had traditionally existed in the world of commerce." On the one side stood management, which held that the company must control "every aspect of its employees' working lives," while the other was "subordinate personnel," who, according to him, had "a natural belief that they are constantly at a disadvantage" and thus "are often suspicious and mistrustful of the potential for capricious action" even if "management acted fairly." Smith insisted that to prevent this polarization from reducing productivity, they needed procedures like GFT. Moreover, to those managers who might "fear the GFT Procedure," Smith argued that "going through this process actually reinforces his or her authority" as long as they made "an honest effort to treat his employees with dignity and respect." He described an ideal manager at Federal Express by saying, "Fair and equitable professional managers have nothing at all to fear from this program."[86] In this discussion, Smith did not assume that workers and management could naturally cooperate toward the greater goal of corporate growth, and he acknowledged the unequal power relationships within the corporate organization. Pointing out that the "inherent friction," or class struggle, slows corporate growth, Smith proposed an institutionalized system to listen to workers at the lower end of the corporate hierarchy. If American workers historically supported the idea of unionism as a means to protect their "dignity and respect" based on a collective class identity, then Smith presented a different mechanism to do so through a corporate framework. It is striking that he used the language often associated with American

[86] Fred Smith, "The Guaranteed Fair Treatment Procedure," *Manager's Pak*, July 1982, box 3, folder 45, Sigafoos Papers.

progressive movements here. With James Perkins, who directly witnessed the height of civil rights activism as a Black student, Smith instituted the GFT program to guarantee workplace fairness, equality, dignity, and respect, as an alternative to union grievance procedures.

The intention behind Federal Express's industrial relations policies was to implicitly discourage employees from bringing in outside parties when problems arose. Indeed, management sent a clear message encouraging employees to resolve problems internally by using the various grievance procedures. In a two-and-a-half-page *Update* article, three of Federal Express's experts in equal employment opportunity, sexual harassment, and fair treatment held a roundtable discussion and pointed out that employees tended to "go to the outside" if their problems escalated. One of the specialists then responded, "We would prefer that they use our internal procedures." They did not explain why, except saying that "that helps us." Toward the end of the discussion, one of the experts even said, "I'd like to tell people, before you scream unfair treatment, you'd better take a look at yourself," and another followed, "It's very important that we take a close look at ourselves before we start complaining. And a lot of times your supervisor can be your friend."[87] While Smith acknowledged the structurally unequal relationship between management and employees in his writing directed only at managers, messages to employees like this downplayed the inherency of class distinction within an organization and encouraged workers to interpret their complaints as individual problems. By doing so, management diverted workers' attention from class-based issues they shared with their coworkers while emphasizing the unity of the corporate community.

[87] "Sexual Harassment, Discrimination, Fair Treatment, Equal Employment Opportunity—Tell Us About it!," *Update,* August 1981, box 3, folder 55, Sigafoos Papers

Among its employee relations policies, the company invested perhaps the most in a questionnaire program called "Survey-Feedback-Action (SFA)." Starting in 1979, the program included an annual questionnaire and feedback sessions between managers and employees to discuss the survey results and develop action plans to address the problems. First developed by companies such as Sears and Thompson Products using the latest behavioral science techniques, these employee attitude surveys were a central part of their efforts to stave off unionization in the 1940s and 50s.[88] Federal Express commissioned Charles Hughes's Center for Values Research, Inc., to conduct this large-scale survey. It was originally a 130-question form, and the company spent five years before settling on a 26-item survey. The process of administering the survey and conducting feedback sessions became more organized by having personnel managers and their representatives assist with implementation.[89]

The 1980 corporate report on the second annual SFA questionnaire provides insight into how the Center for Values Research interpreted employees' responses and informed Federal Express management. The report had two parts. The first analyzed the scores 5,945 respondents gave for each item, such as job satisfaction and benefits.[90] The second compared responses with the average of American workers in similar jobs. It then assessed the climate of employees' feelings about their work life at Federal Express and identified which areas needed improvement. According to this corporate report, one of Federal Express's biggest strengths was the pride employees felt in their employer, with more than 95 percent of respondents saying they were

[88] Jacoby, *Modern Manors,* 111-13, 115-22, 141, 176-77, 226-28.

[89] "1980 SFA to be Shorter and Faster than Year Before," *Update,* April 1980, box 3, folder 54, Sigafoos Papers.

[90] At the time of the survey, Federal Express employed approximately 6,000 full-time employees and 2,100 part-time employees. Federal Express, *Form 10-K 1980*.

"proud to work for company." The report concluded that, overall, Federal Express was a "healthy" organization and that employees were more satisfied with their workplace than other American workers. The report then discussed emergent themes and suggested personnel strategies for fields with low scores.[91]

Federal Express management closely reviewed the survey results and shared them with employees. Articles about the survey frequently appeared in the corporate newsletter for employees, signaling that management cared about how employees were feeling. One such piece from 1981 concluded with powerful words of care for employees. "Every employee IS important—and every employee has the chance during the feedback sessions to be involved in making Federal Express an even better place to work."[92] In the following issue, they published an article describing managers' reactions to the latest survey. Here, Jim Barksdale, senior vice president of data systems, noted that they used the survey results in planning for the 1982 financial year, sending a message to employees that their voices had a significant influence on the business's future.[93] In 1983, management also published a series of articles in *Update,* the corporate newspaper, focusing on the SFA to closely examine its recent results and explain what the company was doing to reflect employees' voices.

Indeed, *Update* regularly focused on the SFA results and highlighted that management made changes based on them. For example, a 1983 article compared that year's results with the previous year's figures and reported that sixteen out of twenty survey questions had higher

[91] Survey Feedback Action 1980 Summary of Results – Part II Total Operations Group, box 3, folder 46, Sigafoos Papers.

[92] "People More Realistic, Survey Shows," *Update,* July 1981, box 3, folder 54, Sigafoos Papers.

[93] "Managers Share Reactions to '81 Feedback," *Update,* August 1981, box 3, folder 54, Sigafoos Papers.

scores than in 1982. Accordingly, 13,391 employees, or 95.2 percent of the workforce, participated in the survey. The author noted that employees' confidence in fair management increased from 65 percent to 69 percent. Although the number seems small, the newsletter claimed that it reflected the success of the GFT. Similarly, when employees rated their insurance benefits less favorably in 1982 than in the previous year, the company held focus groups to identify the reasons, made necessary changes, and publicized them in *Update.*[94] Six months later, the newspaper reported that its new survey showed a 1-point increase in score. These articles argued that this was a "good example of the SFA at work," and Charles Woodward, SFA coordinator in human resource analysis, agreed, saying, "Employees were heard." Overall, the article concluded that the trend in employees' attitudes was "very good," and, according to Jim Barksdale, "Last year we listened, we acted, and we communicated very well."[95] Then, company president Pete Willmott claimed that "This is indicative of our people philosophy."[96]

When the SFA results revealed insufficient feedback on workers' performance, management created new programs to recognize employees. Among the twenty items in the questionnaire, the lack of feedback continued to receive the lowest score for four years, from 1980 to 1983. In 1980, only 55 percent of respondents agreed they received enough information about how well they were doing.[97] The figure rose to 57 in 1981, 59 in 1982, and then 63 in 1983.[98] It is unclear what drove this improvement, but management identified the problem and at

[94] "SFA Benefit Findings Spark January Benefit Changes," *Update,* December 1982, box 3, folder 53, Sigafoos Papers.

[95] "1983 SFA Results Surpass 1982 Figures," *Update,* June 1983, box 3, folder 53, Sigafoos Papers.

[96] "SFA Findings," *Update,* December 1982, box 3, folder 53, Sigafoos Papers.

[97] "People More Realistic, Survey Shows," *Update,* July 1981, box 3, folder 55, Sigafoos Papers.

[98] "1983 SFA Results Surpass 1982 Figures," *Update* June 1983, box 3, folder 55, Sigafoos Papers.

least made a concerted effort to implement complementary programs. One of the most notable was Bravo Zulu, which began in January 1983. The company sent its managers a supply of "Bravo Zulu" stickers in the monthly managers' newsletter. In an attached letter, Fred Smith asked them to use these stickers to note "above and beyond" performance by their subordinates. Smith explained that the U.S. Naval Services used signal flags like the ones represented by these stickers to recognize soldiers' good performance. This military-inspired program, according to Smith, was "a reminder to each of us to get in the habit of saying thanks to our own employees and to those throughout the organization."[99] Here, the military "camaraderie" manifests as a structured system for recognizing workers' performance.

Federal Express management thoroughly analyzed employee responses, even in areas that proved to be the company's strengths. In an untitled document attached to the 1980 SFA corporate report, they presented a close examination of employees' responses to a series of questions about their attitudes toward the company. Since the SFA was a simple questionnaire with no space for respondents to write their own comments, these questions and answers are likely to be the ones discussed during the feedback sessions. Examiners categorized employees' responses into several groups, analyzed the patterns, and provided specific recommendations to management. For example, in a discussion of the question, "What gives you the most satisfaction in your work at FEC?," they noted that employees were generally proud of the company's success but also expressed some mistrust of management's ability to win future competitions. Thus, the report suggested that management present "hard information" addressing these

[99] Frederick W. Smith to All FEC management, Interoffice Memorandum, January 31, 1983, box 3, folder 45, Sigafoos Papers.

concerns through visual presentations at its annual employee briefing.[100] These findings show that Federal Express's management made substantial efforts to identify and address even minor signs of employee dissatisfaction and to nip industrial disputes in the bud. In this sense, the company was seriously committed to making its "People-Service-Profits" philosophy satisfy its employees. The "People philosophy" was not merely an empty corporate slogan; it served as the core of shaping employee relations at Federal Express.

The company's employee newsletter also included a form for readers to submit questions, which the company responded to. For example, an employee expressed frustration that the publication used only "he" to refer to a courier in its articles. The editor replied, "Summer's heat must have made my proofreading skills lazy," and ensured to avoid using single-sex pronouns. In the same issue, another reader asked whether the company could offer a daycare center for employees' children. The employee benefits supervisor explained that state and federal regulations, as well as the spread-out nature of their operation, prevented them from creating a facility in response.[101] The availability of such a forum and its clear visibility in the employee publication demonstrate management's effort to maintain close communication with employees through multiple channels.

In the two decades since its founding, Federal Express management developed a variety of programs to cultivate employees' sense of belonging and address their grievances, guided by the corporate principle, "People-Service-Profit." This slogan was not empty, fancy talk, and many executives and managers genuinely strove to realize the ideal, recognizing the importance

[100] Survey Feedback Action 1980 Summary of Results, box 3 folder 46, Sigafoos Papers.

[101] "Write to the Point: Readers Ask About Day Care, Pronouns and Getting Published," *Update,* September 1981, box 3, folder 55, Sigafoos Papers.

of "people" satisfaction in maintaining service quality. Federal Express's people philosophy and the implementation of various programs reflected an emphasis on employee satisfaction shared by other American companies, especially in the service industry in the 1970s and 1980s. In January 1993, Robert Levering and Milton Moskowitz selected Federal Express as one of the top 10 in *the 100 Best Companies to Work for in America,* a predecessor to *Forbes*'s annual rankings of best employers. Based on employee interviews, the authors gave Federal Express five stars for "Job Security" and "Openness/Fairness," and four stars for "Pay/Benefits," "Opportunities," "Pride in Work/Company," and "Camaraderie/Friendliness."[102] This was not the only award Federal Express won in the 1990s. Indeed, by the early 1990s, Federal Express had successfully convinced employees and the public of its commitment to the "People-Service-Profit" philosophy. The company's presentation to the Dunlop Commission was just another public showcase of the centrality of its people philosophy in shaping its management policies.

At Federal Express, managers and at least some workers viewed the presence of a union as a failure of the company's core philosophy. In their analysis of the 1980 SFA, management reported that some workers cited the company's commitment to employees and its "people philosophy" as "the most significant achievement of Federal Express" in its first ten years. A sampling of specific responses included a comment, "That we've come this far without a union," along with others that emphasized the no-lay-off policy, "team spirit," and "the progressive thinking about the importance of people to the organization." Another section discussed employees' concerns about the company's future, with workers noting that the "people philosophy" was deteriorating. Here, workers cited unions as a source of anxiety, even though

[102] W. Douglas Buttrey to Ben Atchley, July 28, 1993, box 40, folder 116, Ben Atchley Papers, Special Collection, University of Tennessee, Knoxville.

there was no major union organizing at the time of this survey.[103] Economist Robert A. Sigafoos recounted how a courier in Chicago, whose pick-up and delivery route he accompanied in the early 1980s, commented on Teamster-organized Emery Air Freight drivers. The middle-aged courier accordingly complained about how "lazy" they were to the former-consultant professor, saying, "[T]hose Emery guys are Teamsters. I once held a card in the Teamsters, but I feel I'm much better off with Federal Express even though they pay us a dollar or so an hour less than those union guys."[104] The courier never explained why he felt that way, but it at least demonstrated how the Federal Express personnel management validated or accelerated one's personal antagonism against unions. Thus, although management rarely clarified it, the People-Service-Profits philosophy functioned as a clear countermeasure to unionization, and managers and even some workers believed these two policies could not coexist at Federal Express. They viewed unions more as a force that polarized the unified corporate community than as a source of workers' empowerment. An observation by Heinz Adam, Director of Marketing Administration, clearly illustrates the philosophy's intent. After terming the company "a very people-oriented organization," he emphasized that "the loyalty of its employees has been very important to the company."[105] After all, it was not management's loyalty *to* its employees but employees' loyalty to management that the philosophy strove to cultivate.

Nonetheless, Federal Express never fully satisfied its workers or removed union influence from the workplace. It is true that its people philosophy worked effectively in the 1980s, and the company's continuous growth satisfied employees both emotionally and

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[103] Survey Feedback Action 1980 Summary of Results, box 3 folder 46, Sigafoos Papers.

[104] Robert A. Sigafoos, *Absolutely, Positively, Overnight!,* 13.

[105] Christopher H. Lovelock, "Federal Express (A)," Harvard Business School Case Study, 1976, revised September 1978, box 3, folder 42, Sigafoos Papers.

financially.[106] However, corporate expansion and increased cargo volume deteriorated working conditions and harmed employees' lives in the 1990s. Some workers turned their backs on the people philosophy and joined the union movement to publicly expose the slogan's shortcomings. On July 28, 1993, when Edith Kelly proudly introduced "People-Service-Profit" to the Dunlop Commission, those workers submitted testimony that directly challenged management's claims. The next chapter will examine their efforts to form a union in this people-oriented environment in the 1990s.

[106] Sanford Jacoby indicates in his analysis of Eastman Kodak's personnel relations that even after the 1930s, organizing a welfare capitalist workplace proved nearly impossible if the employer maintained steady profits and provided stable employment. When employees enjoyed job security, competitive wages and benefits, and a highly motivating workplace culture, union organizers did not have much to offer them. Jacoby, *Modern Manors,* 92.

# CHAPTER 6

## "PROFIT FIRST": UAW AND ALPA CAMPAIGNS, 1991-1997

On July 28, 1993, sixteen Federal Express employees from Philadelphia submitted a statement to the Presidential Commission on the Future of Worker-Management Relations, or the Dunlop Commission. Two years had passed since Federal Express ground workers informed founder and CEO Fred Smith of their intention to unionize with the United Auto Workers (UAW) and petitioned the National Labor Relations Board (NLRB) to represent 1,300 hourly workers across Pennsylvania, New Jersey, Delaware, and Maryland, known as the Liberty District.[1] The sixteen unionists testified against the presentation Federal Express management delivered to the Commission that same day to promote the merits of its People-Service-Profit philosophy. The Commission, appointed in the spring of 1993 by Secretary of Labor Robert Reich and Secretary of Commerce Ronald H. Brown, aimed to propose a new labor-management relations model to improve American industries' struggling productivity. In counterarguments to the effectiveness of Federal Express's people-first approach, couriers, handlers, and tractor-trailer drivers contended that "the 'People-Service-Profit' philosophy that had guided Federal Express for so many years had gradually transformed into a 'Profit-Service-Profit' philosophy." While expressing their past loyalty to the company by saying, "We 'bleed purple,'" they emphasized recent shortcomings in employee involvement and insisted that Federal Express's "people principle" had diminished by the early 1990s.[2] In response, they decided to build a union.

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[1] *Federal Express Corp.,* 317 NLRB 1155 (1995).

[2] Statement by Federal Express Employees Prepared for the Commission on the Future of Worker/Management Relations, July 28, 1993, box 156, folder 25, part 2, UAW President's Office Owen Bieber Records, Walter P. Reuther Library, Detroit [hereafter cited as Owen Bieber Record].

This chapter will focus on the unsuccessful attempt by the UAW to unionize Federal Express in the early 1990s. Their activism directly confronted the extensive welfare capitalist effort the company had established during the 1980s. Federal Express unionists cast doubt on the "people" programs as a strategy for maintaining a satisfied workforce within the logistics network, even as the company's employee relations drew praise from American executives, managers, and policymakers. Although many union supporters did not reject the idea of people-first, they believed that management's professed commitment to "people" had lost its essence. This chapter highlights that union activists and their supporters agreed that the philosophy had once been functional and that they had not needed a union. Workers who did not support the UAW shared the same sentiment—the company treated them fairly, and therefore, they believed a union was unnecessary. The UAW, whose national leadership was generally engaged in labor-management cooperation during this period, struggled to present an ideological foundation strong enough to generate interest and support from Federal Express workers. Additionally, a crucial external obstacle made the campaign a daunting challenge. American labor law, originating from the New Deal era, was ill-equipped to address a shipping company that fell under the jurisdiction of two different laws due to its integrated ground and air transportation services. Ultimately, Federal Express management countered the union drive with legal and conciliatory measures, amplified by more aggressive unionbusting tactics. The failed campaign illustrates that Federal Express successfully mobilized welfare capitalism to resist unions, whose criticism proved too weak to convince workers of the importance of labor organization independent from management, especially in a legal environment that advantaged businesses. While relying on the age-old structure of using workers' vulnerability to make the operation

flexible, Federal Express was able to take advantage of the newness of its integrated system within the outdated labor law regime.

## Federal Express Employee Relations in the 1990s

After the 1977 air cargo deregulation, Federal Express experienced rapid growth in cargo volume, service range, employment, and revenue. By 1980, with the passage of the Motor Carrier Act, Federal Express vans could transport packages without mileage restrictions, enabling greater interstate ground transportation. Consequently, daily cargo volumes surged—from 29,516 in 1978 to over two million by 1995. With this expansion, Federal Express's workforce grew substantially, from 6,000 full-time and 2,100 part-time employees in 1980 to 66,000 full-time and 35,000 part-time employees by 1994. In the 1980s and 1990s, Federal Express's shipping service expanded to cover more locations, adding a new national hub in Indianapolis and regional hubs in Newark, Oakland, Los Angeles, Chicago, and Anchorage, thereby reducing Memphis's role as the primary employment hub. In the late 1970s and early 1980s, half of Federal Express's full-time and part-time employees worked in Memphis; however, by the mid-1990s, this percentage had decreased to around 21-22 percent. Encouraged by trade openings, Federal Express's logistics network also expanded to include international hubs by 1995, such as Japan's Narita Airport, France's Charles de Gaulle Airport, Great Britain's Stansted Airport, and the Philippines' Subic Bay Airport. The expansion of the international network was partially driven by Federal Express's acquisition of its competitor, Flying Tiger Line—a scheduled cargo airline—in 1989. Demonstrating rapid corporate growth,

Federal Express's revenue increased nearly one hundredfold over two decades, from $109,210 in 1977 to $10,273,619 in 1996.[3]

Throughout the 1980s and 1990s, people-first remained central to Federal Express's corporate philosophy, at least in the view of executives and managers, and its effectiveness attracted the attention of American businesspeople striving to build strong employee programs in the era of team production. Using advances in computer technology, Federal Express overhauled its human resource management to maximize efficiency. In the 1980s, the company implemented a system called PRISM, which unified employment applications, hiring, benefits processing, affirmative action, employee assessment, training, safety, and employee surveys into a single system.[4] Federal Express executives consistently implied that their investment in its "people-first" philosophy was central to their corporate vision for growth, arguing that satisfied employees would deliver better customer service and increase profits. The fact that the company had never experienced a work stoppage underscored the effectiveness of its people-first approach, with one exception: when employees in Antigua went on strike on August 23, 1999, Federal Express fired all involved, closed the office on August 25, and contracted with another company to maintain operations.[5] Some of the eleven employees walked off the job to pressure the company to pay for a sick day that three workers missed.[6] Here, the company sent a strong and unmistakable message of antiunionism.

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[3] Federal Express, Form 10-K; Annual Reports, 1977-1996.

[4] Prashant C. Palvia, James A. Perkins, and Steven M. Zeltmann, "The PRISM System: A Key to Organizational Effectiveness at Federal Express Corporation," *MIS Quarterly* 16, no. 3 (1992): 277-92.

[5] "Federal Express Quits Antigua, All Workers Fired," *The Daily Observer*, August 26, 1999.

[6] "Federal Express Pull Out of Antigua After a Strike," *Caribbean Update* 15, no. 9 (1999): 3.

By the 1990s, employee satisfaction had become widely recognized as essential to a company's success in the U.S., but critics also began to expose shortcomings in initiatives such as work humanization, the Quality of Working Life (QWL), and team production. While some labor activists and scholars expected labor-management collaboration to replace traditional, more "adversarial" labor relations—believed to be partly responsible for stagnant American productivity—others remained skeptical. In their 1988 book *Choosing Sides,* Mike Parker and Jane Slaughter criticized union-management collaboration projects at auto plants, denouncing team production as "management by stress."[7] Likewise, scholars such as Thomas A. Kochan pointed out that unionbusting practices often underpinned QWL and other labor-cooperation programs, while Steve Babson argued that lean production was "mean" rather than "lean," and marked by excessive management regulation.[8] In Japan, where Toyotist lean production originated, scholars observed that although team concepts fostered workers' autonomy, they ultimately placed much greater stress on them.[9]

## UAW Campaign

In January 1991, Federal Express ground service workers in the Liberty District joined the broader wave of criticism of employee involvement when they sought support from the UAW to organize their workplace. Joe Carney, the son of a UAW-organized Boeing machinist, invited his coworkers to meet with Jim Moore and Dave Mann, both UAW organizers, at his

[7] Mike Parker and Jane Slaughter, *Choosing Sides: Unions and the Team Concept* (South End Press, 1988).

[8] Thomas A. Kochan, Robert B. McKersie, John Chalykoff, "The Effects of Corporate Strategy and Workplace Innovations on Union Representation," *ILR Review* 39, no. 4 (1986): 487-501; Steve Babson, "Lean or Mean: The MIT Model and Lean Production at Mazda," *Labor Studies Journal* 18, no. 2: 3-24.

[9] Mitsuo Ishida, *Nihon no Riin Seisan Houshiki: Jidousya Kigyou no Jirei* [Japanese Lean Production: The Case of Automakers] (Chu-oh Keizai sha, 1997), 166-67.

house.[10] In August, after several months of underground activity, two dozen workers marched into the Philadelphia National Labor Relations Board (NLRB) offices to file a representation petition, backed by authorization cards that more than 65 percent of the region's workforce had signed.[11] Federal Express challenged the petition, asserting that it fell within the jurisdiction of the Railway Labor Act (RLA) rather than the National Labor Relations Act (NLRA).[12] The RLA, which regulates the railroad and airline industries, imposes stricter restrictions on workers' ability to organize a union, negotiate labor contracts, and go on strike. Under the RLA, a labor organization needs authorization cards from 35 percent (later raised to 50 percent in 2012) of all employees, whereas the NLRA requires only 30 percent to hold an election.[13] To recognize a union, the NLRA requires 50 percent of those who voted, whereas the RLA requires 50 percent of all eligible employees to vote for a union, regardless of whether they actually voted or not, making unionization more difficult. Additionally, under the RLA, a union must organize the entire company nationwide by class or craft, whereas the NLRA allows unionizing one worksite at a time. While the UAW's movement remained regional, workers recognized the importance of nationalizing the drive, especially if the union lost the legal battle for workers' right to organize under the NLRA. According to UAW President Owen Bieber, who addressed the Federal

[10] Marc Duvoisin, "Labor of Love," *The Philadelphia Inquirer,* May 7, 1995.

[11] The union sought the representation of "All regular full-time and part-time hourly ground service employees in the Liberty District; Excluding Ramp Agents, Ramp Agent/Feeders, Handlers, Senior Handlers, Heavyweight Handlers, Senior Heavyweight Handlers, Checkers/Sorters, Senior Checker/Sorters, Shuttle Drivers, Shuttle Driver/Handlers, office clerical employees, engineers, guards and supervisors."; Bradford Wernle, "Unions eye Federal Express as Package of Members," *Crain's Detroit Business,* July 19-25, 1993; Duvoisin, "Labor of Love."

[12] *Federal Express Corp.,* 317 NLRB 1155 (1995).

[13] FAA Modernization and Reform Act of 2012, Pub. L. No. 112-95.

Express Organizing Committee on October 18, 1991, "workers from Newark, South Jersey, Pittsburgh, Boston, Columbus, Dayton, Atlanta, San Diego, and even Federal's hub—Memphis" had reached out to show their support and learn more about the campaign since it began. Federal Express management promised wage increases, reduced overtime, and expanded employee involvement programs to counter the organizing drive.[14]

**TABLE 3. DIFFERENCE BETWEEN THE NATIONAL LABOR RELATIONS ACT AND THE RAILWAY LABOR ACT, 1991**

| | National Labor Relations Act | Railway Labor Act |
|---|---|---|
| Coverage | Private employers, except for railroads and airlines | Railroads and airlines |
| Administrative Agency | National Labor Relations Board | National Mediation Board |
| Authorization Cards Required for Election | 30 percent of all employees | 35 percent of all employees |
| Votes Required for Union Certification | 50 percent of those who voted | 50 percent of all eligible employees |
| Bargaining Units | Worksite | Entire company by class or craft |

The UAW's organizing campaign directly challenged Federal Express for failing to uphold its promise of people-first. Historians David Brody and Lizabeth Cohen have shown that American industrial workers in the 1920s embraced welfare capitalist values, and that their

[14] Talking Points for Owen Biever, October 18, 1991, box 17, folder 38, series I, Owen Bieber Records.

activism in the 1930s was a response to what they saw as a broken promise by employers who abandoned them during the Depression, rather than an ideologically motivated class struggle.[15] Similarly, some Federal Express workers in the 1990s felt betrayed by the company for breaking its promise, mainly due to low wages and shortcomings in the grievance procedure. When UAW organizers and Federal Express workers in Pennsylvania distributed their first nationwide newsletter in the fall of 1992, they attached a questionnaire asking readers to share their experiences and opinions about working at the company. A union official reported that "a number of workers" completed it and that "over 90%" responded in favor of the campaign. Responses to the questionnaire indicated widespread dissatisfaction with pay, raises, and grievance procedures, followed by concerns about job bidding, medical benefits, and job security.[16] In a newsletter called *FED Expressions*, the Organizing Committee summarized the results, stating that 79 percent of respondents felt pay and raises were "very poor," while the remaining 21 percent agreed the subject "needs improvement." Similarly, 65 percent of respondents rated the grievance procedure as "very poor," 31 percent as "needs improvement," 4 percent as "decent," and none as "excellent."[17]

However, it should be emphasized that workers agreed that conditions had worsened only in recent years. A Texas employee named Lara Wheless, with five years of experience at the company, wrote in the questionnaire, "I don't want Federal Express to lose the team-oriented atmosphere that aids the workplace." Another worker from Illinois, John Huston, who had been

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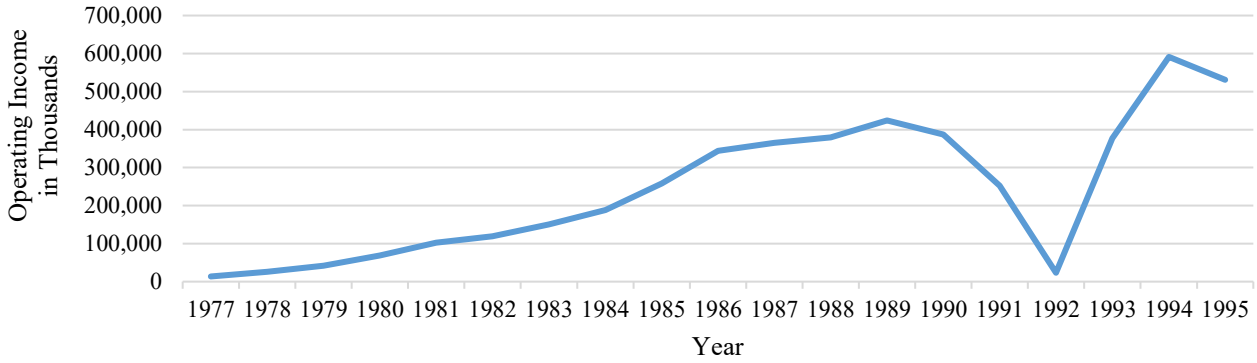
[15] Lizabeth Cohen, *Making a New Deal" Industrial Workers in Chicago, 1919-1939* (Cambridge University Press, 1990), 209, 246, 249; David Brody, "The Rise and Decline of Welfare Capitalism," in Brody, *Workers in Industrial America: Essays on the 20th Century Struggle* (Oxford University Press, 1980), 78; Sanford Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton University Press, 1997), 32, 33, 51.

[16] *Speak Out!,* circa 1992, box 156, folder 25, part 2, Owen Bieber Records.

[17] *FED Expressions*, circa. 1993, folder 25, box 156, part 2, Owen Bieber Records.

"a strong union member for 16 yrs (AFL-CIO) before joining Federal Express," shared that "I didn't feel the need for a union until the last few months."[18] Similarly, a Philadelphia newspaper reported that an anonymous employee "said that, at one time, his co-workers would not have considered a union, feeling that the company treated its employees fairly." Their concerns grew as the company expanded, especially after acquiring Flying Tigers Line in 1989. Employees began to be fired for minor mistakes, wage increases became limited, and the company started cutting benefits to fund new international routes.[19] The 1991 annual corporate report clearly described signs of financial difficulty, stating, "[W]e are very dissatisfied with our overall results." During that fiscal year, Federal Express's operating income declined by 32 percent, and net income and earnings per share declined by 95 percent.[20] Federal Express reported its first quarterly loss since going public in 1978, followed by cuts to health benefits and contributions to employee retirement accounts, as well as pay raises.[21] The company's financial condition drastically worsened in 1992, followed by an improvement in 1993.

**FIGURE 3.** FEDERAL EXPRESS OPERATING INCOME, 1977-1995




**Source:** Federal Express Corporation, annual report, 1977-1995.

[18] *Speak Out!,* circa 1992, folder 25, box 156, part 2, Owen Bieber Records.

[19] Rose DeWolf, "Federal Express in Unionizing Flap," *Philadelphia Daily News*, September 13, 1991.

[20] Federal Express Corporation, *1991 Annual Report*, 2.

[21] Duvoisin, "Labor of Love."

By early 1993, UAW officials had started reaching out to workers nationwide. Stan Marshall, Vice President of the National Organizing Department, wrote on March 4, 1993, that the union had "discovered Federal Express workers across the U.S. experience the same problems found in the Liberty District" and that "hundreds of workers in all regions of" the country had expressed interest in joining the union. In this letter, Marshall asked all UAW local presidents to distribute *FED Expressions* and union cards to Federal Express drivers and other employees.[22] In Indianapolis, where Federal Express's second-largest airport hub was located, UAW activists conducted informational pickets, handed out *FED Expressions*, and were driven away by airport police.[23] Organizers also walked into the break rooms of distribution centers to make contact with workers.[24] Drivers used their routes to deliver these publications across districts and states, spreading the union's message to other employees. As a result, in an issue of *FED Expressions*, its editor and Federal Express courier Billy Costello enthusiastically wrote that "a groundswell of support has swept through Federal Express stations and ramps from the Capitol District to the Golden State District." In May and June 1993, the Organizing Committee held meetings for Federal Express workers in 76 locations nationwide.[25]

UAW organizers and activists viewed Federal Express's history as a decline from its once-strong "people-first" principle and framed their organizing drive as an effort to restore it. *FED Expressions* shared the story of campaign initiator Joe Carney, who worked as a driver for Federal Express alongside his wife, Michelle Carney; both became central to the Liberty District

[22] Stan Marshall, March 4, 1993, box 156, folder 25, part 2, Owen Bieber Records.

[23] Chris O'Malley, "UAW Makes Overtures at Federal Express Hub Here," *Indianapolis News,* April 15, 1993.

[24] Dave Winans, "Driving Toward a Union," *Solidarity,* March/April 1993, 19.

[25] *FED Expressions*, May 1993, folder 25, box 156, part 2, Owen Bieber Records

campaign, with Joe serving as the acting chair of the Organizing Committee. They had nearly decided to quit their jobs in 1991, as "Federal Express slowly took away the things that once made them proud to work for the company—employee respect, freedom in the workplace, job security, employee rights."[26] Renee R. Martin, another courier with ten years of experience at Federal Express, echoed this sentiment, writing, "I like to remember 'the good old days,' at Federal Express," and "[o]ur company is no longer what it used to be."[27] As an indicator of similar corporate loyalty, Joe Carney stressed in a newspaper interview, "We still bleed purple."[28] Activist Billy Costello recalled that he had even left a management position in the food industry to drive for Federal Express. "I love Federal Express," he maintained, "I still get a kick out of putting on that uniform every day." Indeed, labor journalist Marc Duvoisin observed that UAW supporters stressed their pride as Federal Express employees by saying, "The strange thing is, they love the company."[29]

The union did not oppose the use of the company's employee programs, suggesting trust in the People-Service-Profit model as a workplace framework. The Organizing Committee offered to assist employees in using the Guaranteed Fair Treatment Procedure (GFT). "Although the current GFT system is woefully inadequate," the newsletter stated, the union could "offer advice on the best way to get through a flawed system."[30] After carefully reading the company's 400-page personnel manual, Al Ferrier, a Federal Express courier and activist, began offering

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[26] *FED Expressions*, circa. 1993, folder 25, box 156, part 2, Owen Bieber Records.

[27] *FED Expressions*, May 1993, folder 25, box 156, part 2, Owen Bieber Records.

[28] Chris O'Malley, "Workers Express Need to Organize," *Indianapolis News,* Apr. 16, 1993.

[29] Duvoisin, "Labor of Love."

[30] *FED Expressions*, May 1993, box 156, folder 25, part 2, Owen Bieber Records.

phone advising from his home to help employees file GFT grievances. Ferrier, who began working for Federal Express part-time in the 1970s to supplement his income as a schoolteacher and eventually worked there full-time, reportedly helped employees draft more than two hundred GFT petitions. The UAW supported his effort by paying his phone bills and purchasing a word processor. Finding "in GFT a powerful union-building tool," Ferrier said that activists used the grievance system "to empower people," believing that "if we're organized, we can learn how to work with the system and turn it on its head."[31] The UAW and activists chose not to oppose the people-first management policy; instead, they argued that the philosophy lacked sufficient commitment from management. Their campaign aimed to secure a role for the union in representing workers within the "people" framework and to inspire management to genuinely prioritize workers. The UAW did not seek to dismantle the workplace regime of People-Service-Profit and believed the union could reinforce this ideology if management permitted their participation.

The UAW's support for the management-driven, people-first philosophy should be viewed in light of the auto union's identity crisis during that era. As American companies adopted the European trend of the work humanization movement to reshape the rigid Taylorist organization of work, they began developing programs such as the Quality of Working Life and team production. During the 1970s and 1980s, UAW locals facilitated the unionists' careful acceptance of these emerging concepts. The union's stance varied depending on the leaders, but it consistently sent representatives to corporate executive boards, established high-level communication sessions with employers, and participated in decision-making at the plant level

[31] Duvoisin, "Labor of Love"; Dave Winans, "Driving Toward a Union," 17, 19.

during a period of plant closures and fierce competition with Japanese manufacturers.[32] However, given the history of employers using employee participation as an antiunion strategy, some locals remained skeptical about the compatibility of labor-cooperative management and unionism. The dilemma became more acute as workplace reorganization projects began encroaching on areas traditionally governed by collective bargaining. Employers used these projects to pressure unions into relinquishing wages and benefit demands by threatening plant closures. After hundreds of thousands of employees lost their jobs in the auto industry in 1982, the UAW agreed to push back the hourly wage rate to the 1981 level and to suspend the cost-of-living adjustment temporarily. The union also agreed to a drastic wage decrease at Chrysler to save the company from bankruptcy in response to the federal government's demand.[33] Progressive unionists saw the system as a step back to pre-New Deal labor relations and opposed implementing the team concept. UAW Local 594, for example, went on strike against the GM Pontiac plant in 1987.[34] Thus, the UAW represented the identity crisis between class struggle and class cooperation that the American labor movement encountered in the early 1990s. When the union attempted to organize Federal Express and challenge its people-first philosophy, many

[32] Most notably, General Motors and the UAW jointly formed the National Committee to Improve the Quality of Working Life in 1973 as part of a national agreement, and business scholars often cite its Tarrytown plant as a representative of the early QWL programs. UAW President Douglas Fraser became a Crysler's executive board member in May 1980 after the union made significant concessions on wages and fringe benefits worth twenty-three million dollars during the 1979 negotiations with the company, which was on the verge of bankruptcy. In 1984, when Toyota and General Motors jointly formed the New United Motor Manufacturing, Inc., or NUMMI, in Fremont, California, the UAW leadership endorsed it and secured a contract there. The union also started a Mutual Growth Forum with Ford. At GM's Fiero plant, the joint labor-management committee presented a five-year plan for the factory to the corporate executive committee in 1985. Barry Bluestone and Irving Bluestone, *Negotiating the Future: A Labor Perspective on American Business* (Basic Books, 1992), 186-246; Parker and Slaughter, *Choosing Sides,*100-10; Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton University Press, 2002), 243.

[33] Lichtenstein, *State of the Union,* 233-4; Kim Moody, *US Labor in Trouble and Transition* (Verso, 2007), 107-10

[34] Parker and Slaughter, *Choosing Sides,* 207-11.

UAW locals were already involved in labor-management partnerships based on the promise of mutual prosperity for both employees and employers. In fact, the UAW signed a team concept agreement in 1985 with Saturn, a new subsidiary of General Motors, whose plant was located just two hundred miles from Federal Express headquarters.[35] In this context, the union struggled to effectively reject People-Service-Profit.

## ALPA Campaign

Sanford Jacoby described how midcentury welfare capitalists, seeking to cultivate employees' loyalty with "carrots," responded to union campaigns with "sticks." Just as those paternalistic employers did not hesitate to interfere with unions, pressure union-supporting workers, and dismiss activists, Federal Express revealed the extent of its antiunion assumptions embedded in its people-first philosophy.[36] For Federal Express management, unionism and the People-Service-Profit philosophy were fundamentally incompatible. Viewing the union drive as a direct challenge to the core of people-first, they vigorously opposed it using every means available. In the fall of 1992, shortly after activists produced and distributed *FED Expressions*, management objected to the use of the corporate name in this third-party publication, asserting that both Federal Express and FedEx were company-owned trademarks.[37] When the union's editor declined to comply, management ramped up the pressure, suggesting that "Federal

[35] Parker and Slaughter, *Choosing Sides,* 6.

[36] Jacoby, *Modern Manors,* 130, 175.

[37] Lester Bishop to Billy Costello, October 30, 1992, box 156, folder 25, part 2, Owen Bieber Records.

Express must seriously consider pursuing legal action" if the union continued to use the name.[38] In July 1993, the company filed a lawsuit against the union for trademark infringement in the U.S. District Court for the Western District of Tennessee.[39]

Management also contacted employees directly to discourage them from joining the union. During the organizing campaign, Federal Express distributed an antiunion publication to its workers, highlighting the strong relationship between the employer and employees. The pamphlet stated that "you haven't needed a union" to achieve twenty years of corporate growth and displayed the company's many awards as a top workplace. It also underscored "our P-S-P philosophy—a philosophy that considers our employees as important as our customers and our shareholders" —as a major differentiator from competitors like UPS.[40] Meanwhile, union organizers faced hostility from unknown sources. In May 1993, UAW Area Director Gene Keenum discovered an antiunion flyer on his windshield at his union office in Memphis. The flyer, titled "DON'T MESS WITH FEDERAL EXPRESS," contained a page-long message asserting that the union was "spending hundreds of thousands of dollars" while Federal Express was recognized as one of the "best places to work" because of its commitment to employees. The anonymous author, who appeared to be an employee, concluded, "We respect your right to belong to the UAW, but we ask you to respect our rights not to belong."[41] Although it remains unclear who placed the flyer on Keenum's windshield, its content suggests a connection to the company's official antiunion messaging.

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[38] Lester Bishop to Mary A. Donovan, November 17, 1992, box 156, folder 25, part 2, Owen Bieber Records.

[39] "Federal Express Sues To Prevent Use of Logo In Pamphlet," *Journal of Commerce*, June 9, 1993.

[40] Our Future…Together, July 6, 1993, box 156, folder 25, part 2, Owen Bieber Records.

[41] Gene Keenum to Sam Morris, May 19, 1993, box 156, folder 25, part 2, Owen Bieber Records.

Federal Express's hostility toward union organizing arose not only from the union's criticism of its core philosophy but also from the specific context of labor relations at the company. During the UAW campaign, another union successfully organized a group of FedEx employees. When Federal Express acquired Flying Tiger Line in 1989, its pilots lost representation by the Air Line Pilots Association and launched a new campaign to organize Federal Express pilots.[42] Although pilots voted two-to-one against unionization in the first 1989 election, the situation began to change by 1991. The merger slowed the career advancement that longtime Federal Express pilots had anticipated because the company integrated the 940 Flying Tiger pilots into the Federal Express seniority system. For Federal Express pilots, this violated the company's pilot handbook, which clearly stated that when the company bought another airline, pilots from that acquired carrier would be placed at the bottom of the list. A Federal Express pilot sued the company for violating his employment contract, but the suit was denied because the handbook was not a strong legal contract like ALPA's collective bargaining agreement.[43] An arbitrator imposed the combined seniority list in March 1990, and 600 Federal Express pilots protested by signing petitions to alleviate the damage.[44] The intensified

[42] Steven Dunning to Randolph Babbitt, Jun. 17, 1991, box 41, folder 11, subseries A, series III, ALPA President's Department Records, Walter P. Reuther Library, Detroit (hereafter cited as ALPA PD Records).

[43] *Sowers v. Federal Express Co.,* 953 F.2d 1388 (9th Cir. 1992); Denise Gellene, "Federal Express and Its Pilots Area Tested in Vote Over a Union," *Los Angeles Times,* October 26, 1989; Dave Hirschman, "Union Sees Win as Fed Ex Pilots Near Vote," *The Commercial Appeal,* November 29, 1992.

[44] FDX Pilot History Timeline, Air Line Pilots Association, accessed Sep. 15, 2025, https://fdx.alpa.org/Portals/7/Website/Documents/Pilot%20History/index.html. I reached out to ALPA's Communications Strategist to inquire about who contributed to this webpage, but it remained unclear who added the information for the 1990s.

competition also made pilots' schedules tighter and layovers shorter, fueling the motivation for unionization.[45]

The illusion of People-Service-Profit failed in keeping pilots within the paternalist community. According to ALPA President Randolph Babbitt, the organizing campaign at Federal Express "had so much internal initiative," exemplified by the authorization card signed by 2,309 pilots, many of whom had prior union experience. By May 30, 1991, the union had secured 65 percent support from pilots, prompting a formal petition to the National Mediation Board (NMB) for a representation election.[46] However, due to management's "hyper-aggressive anti-ALPA campaign," ALPA narrowly lost the election by twenty-three votes. According to the union, the campaign included "a pattern of threats of furloughs" targeting junior pilots and "an avalanche of anti-ALPA literature," with "over fifty mailings" sent to pilots' homes. ALPA also reported that the company submitted an inaccurate list of voters' addresses to the NMB to reduce voter participation and supported an antiunion pilot group called the "NO Group" to influence employee decisions. In addition to written threats, Federal Express's flight operations managers occupied the crew lounge in Memphis to observe interactions between Organizing Committee members and junior pilots. In response, ALPA objected to management's conduct, seeking to persuade the NMB to grant them another election.[47] The union also renewed its effort by

[45] Dave Hirschman, "Union Sees Win as Fed Ex Pilots Near Vote," *The Commercial Appeal,* November 29, 1992.

[46] Randolph Babbitt to Eric Vartanian, May 30, 1991, box 41, folder 11, subseries A, series III, ALPA PD Records.

[47] The union reported that leading up to the 1991 election, at least ten pilots heard a flight duty officer based in Memphis indicating that the company would lay off them if ALPA succeeded. Federal Express's campaign literature also emphasized that the union's win would affect pilots' job security, discouraging employees who had signed the authorization card from voting for ALPA. In fact, the airline sent more than fifty mailings to the pilots' houses to dismiss the union drive. Excerpts from the Air Line Pilots Association's Submission of Election Objections based on Carrier Interference, November 8, 1991, box 41, folder 11, subseries A, series III,

decentralizing the organizing committee and establishing "domicile committees" to reach out to "fence sitters" and "undecided pilots." This campaign led to "the greatest improvement" in Memphis and increased support for the union among junior pilots.[48] The hard work paid off – on January 14, 1993, the NMB certified ALPA as the representative of FedEx pilots.[49]

What made the ALPA campaign different from that of the UAW was that both management and the union criticized each other based on the shared assumption that the people-first ideology and unionism were mutually exclusive. For example, Fred Smith invited the presidents of ALPA and the United States Pilot Association (USPA)—another union attempting to organize FedEx—to a series of three debates in November 1992 and expressed his belief that People-Service-Profit offered an alternative to organized labor in his invitation. He wrote that these debates would provide a platform for all parties to "explain the advantages of the system we each hope our pilots will ultimately embrace" and suggested that the presidents of ALPA and USPA, along with himself, would make five-minute opening statements, followed by questions from organizing committees and the anti-union NO group. This way, Smith placed unions and collective bargaining alongside his people-first philosophy as a practical approach to ensure that employees' voices were heard and reflected in corporate decision-making.[50]

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ALPA PD Records.

[48] Dennis Higgins to Randy Babbitt, June 8, 1992, folder 11, box 41, subseries A, series III, ALPA PD Records.

[49] It should be noted that ALPA received votes from only 1,015 of 2,279 eligible pilots, while 271 pilots voted for the United States Pilots Association, an independent union that was also trying to unionize FedEx. The NMB counted both as pro-union votes, considering that the majority of pilots supported a union. Although ALPA won only 44 percent of the votes, because it received more votes than the USPA, it was certified to represent FedEx pilots. "Pilots Elect to Unionize in 2nd Vote," *Johnson City Press,* Jan. 15, 1993.

[50] Frederick W. Smith to Randolph Babbitt and Mark S. Estabrook, Nov. 9, 1992, folder 11, box 41, subseries A, series III, ALPA PD Records; Yamazaki, "Hito-saabisu-rieki": 22.

While most Federal Express pilots, many of whom were formerly employed by Flying Tiger, supported ALPA, some pilots embraced the people-first philosophy and adamantly opposed the organizing drive. They expressed support for their employer, especially Fred Smith, by participating in pro-company rallies and forming antiunion groups.[51] Most notably, as mentioned earlier, a group called Federal Express Pilots for a Non-union Operation (NO), which included nine pilots on its committee, participated in anti-ALPA campaigns with assistance from corporate management and the antiunion National Right to Work Legal Defense Foundation, Inc.[52] After ALPA won the election in January 1993, NO sent letters to the media and politicians, including Congressman Don Sundquist, seeking assistance and filed an objection to the union certification with the NMB.[53] One NO pilot, who had worked for Federal Express for fifteen years, stated that union intervention would "break the 'Can Do Spirit' and 'family' atmosphere that is so vital to" the company's "continued success." Sharing the experience of the Vietnam War with founder Fred Smith, the pilot proudly explained, "I flew 88 combat missions over Vietnam. I bombed Hanoi and Haiphong," which he did "knowing that they would add to the preservation of Freedom." He opposed the union drive because he saw it as "one of the most horrible violations of my CONSTITUTIONAL AND DEMOCRATIC RIGHTS," arguing that the "outside group" came to "claim all the benefits, but had no part in the sacrifice, hard work or

[51] "The Pilots Who Just Say No," *The New York Times*, February 7, 1993; Federal Express Pilots for a Non-Union Operation, February 23, 1993, box 25, folder 6, Don Sundquist Papers, Special Collections, University of Tennessee at Knoxville Library, Knoxville (hereafter cited as Don Sundquist Papers).

[52] Reed Larson, November 10, 1992, box 25, Don Sundquist Papers; "The Pilots Who Just Say No," *The New York Times,* February 7, 1993.

[53] Federal Express Pilots for a Non-Union Operation, February 25, 1993; William A. Gill, Executive Director of the National Mediation Board, January 22, 1993, box 25, folder 6, Don Sundquist Papers.

careful planning that built our dream."[54] To him, ALPA intruded upon the close-knit corporate community of loyal "people."

Interestingly, these Federal Express pilots who opposed the organizing campaign shared a militarily inspired motivation for their activism with their opponents. After the 1991 election loss, pilot John Whitehead reflected on his experience as part of the Organizing Committee in a letter to Randy Babbitt. Lacking ALPA membership, he hesitated to join the Organizing Committee and felt uncomfortable wearing an ALPA pin, particularly around other ALPA pilots. Nevertheless, he became convinced of the cause and felt proud of his involvement, passionately believing that "it was the right thing." Through his active participation in the union organizing, he "found myself 'down in the trenches with' some very special people, like myself, believed in something and had to stand up and be counted, whatever the cost." Pilots often share a military background, and the metaphor of trench warfare underscores their pride in their fighting spirit and the great cause, which should be pursued despite the risk, cost, and pain.[55]

Despite vocal opposition from some employees, ALPA, unlike the UAW, successfully organized Federal Express. What set their campaign apart from the UAW's was that ALPA and pilots agreed with management that unionism and people-first were incompatible. The problem of the seniority list made clear the difference between a union's collective bargaining agreement and the rules outlined in an informal employee handbook. After all, the employer was able to arbitrarily change the content of a handbook without any input from workers. ALPA activists also differed from many UAW-supporting FedEx workers in their criticism of People-Service-

[54] Bill Bjorklund to Don Sundquist, January 22, 1991, box 25, folder 6, Don Sundquist Papers.

[55] John D. Whitehead to Randy Babbitt, August 28, 1991, box 41, folder 11, subseries A, series III, ALPA PD Records.

Profit as a fundamentally antiunion idea. The union pointed out in its 1991 NMB grievance, "Federal's anti-union sentiments are bound up tightly with a deeply embedded corporate philosophy that Federal describes as the 'People-Service-Profit' (PSP) philosophy."[56] They were aware that the corporate ideology would never allow space for unions, and thus did not promote the organizing drive as an effort to restore it. Unlike the UAW supporters, ALPA activists did not romantically reflect on their past loyalty to the company and attempted to salvage the culture of people-first; instead, they saw union representation as "a business necessity" based on their "intellectual and rational" evaluations, diminishing the strength of management's "emotional appeal."[57] The large presence of former Flying Tiger pilots also served as a spur to the union's victory. In fact, nearly half of the 2,279 pilots eligible for the 1993 election were former Tiger employees who recently joined its old industry rival and thus did not see themselves as part of the harmonious community. Finally, it should be emphasized that pilots enjoyed more advantages in confronting management than sorters and drivers because they were certified by the government and thus harder to replace. Following the certification election, ALPA began its first collective bargaining with the company in May 1994; however, it took FedEx pilots five more years to secure their initial contract in 1999.[58]

[56] Excerpts from the Air Line Pilots Association's Submission of Election Objections based on Carrier Interference, Nov. 8, 1991, folder 11, box 41, subseries A, series III, ALPA PD Records.

[57] Eric Vartanian to Randy Babbitt, Sep. 29, 1992, folder 11, box 41, subseries A, series III, ALPA PD Records.

[58] Donald Maliniak to Randolph Babbitt, May 12, 1994, folder 13, box 41, subseries A, series III, ALPA PD Records; "FDX Pilot History Timeline."

## Dunlop Commission

The success of the ALPA organizing campaign accelerated Federal Express's hostility toward the UAW and its effort to restore the credibility of the people-first philosophy. As demonstrated during its anti-ALPA campaign, Federal Express management believed that People-Service-Profit would not make sense with unions involved. They established the entire system as an alternative to compete with unions' collective bargaining, and thus, these two separate and distinct systems could never merge or cooperate. The UAW's campaign, backed by workers who believed the people-first philosophy should have succeeded even with unionized employees, overlooked this fundamental point.

The differing perspectives of Federal Express management and employees on the people-first approach mirrored the national debate over employee involvement strategies in the 1990s. Although labor scholars and government officials acknowledged that companies frequently used cooperative initiatives to undermine unions, they also concurred that America needed a post-Taylorist, more collaborative, and more efficient industrial democracy to boost productivity. In the 1980s, they advocated the view that reforming management structures would not only benefit workers but also align with the self-interests of capital. Proponents of this new industrial paradigm included members of Bill Clinton's administration, who supported these reforms. Believing in worker participation and labor-management collaboration, Secretary of Labor Robert Reich urged the President to establish the Commission on the Future of Worker-Management Relations, better known as the Dunlop Commission, to identify solutions to improve private-sector productivity. In March 1993, Reich and Secretary of Commerce Ron Brown announced the Commission, which the Department of Labor sponsored. Led by John Dunlop, a Harvard professor and former Secretary of Labor, the Commission commenced its

activities in the summer of 1993 by organizing a conference in Chicago.[59] Their goal was to reach a compromise between labor and management by strengthening unions' organizing power and encouraging employee committees in unorganized workplaces through labor law reform.[60]

The Commission invited Federal Express managers to present their human resource management policies on July 28, 1993. The company proudly discussed its decades-old "people policies," including the open-door policy, Survey Feedback Action, Guaranteed Fair Treatment Procedure, and various communication tools such as its TV network and newsletters. Its extensive award programs, like the Navy-inspired Bravo Zulu Award, further demonstrated the company's commitment to its "people-first" philosophy. Additionally, Federal Express introduced Quality Circles, implemented in the late 1980s, to the Commission members, whose primary interest lay in using employee participation as a productivity improvement strategy. Management gathered and analyzed customer complaints, identified twelve problem areas, and formed employee teams to address each issue. An explanation of one of the Quality Action Teams at the Memphis Hub, composed mainly of part-time workers, was attached to their testimony, illustrating how "the team increased morale, flexibility, productivity, and most importantly teamwork." As a result, the team reduced "the number of missed packages and expediting costs" and won the 1992 Rochester Institute of Technology / USA Today Quality Cup.[61]

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[59] Nelson Lichtenstein and Judith Stein, *A Fabulous Failure: The Clinton Presidency and the Transformation of American Capitalism* (University of Pennsylvania Press, 2023), 241-5; John Logan, "'All Deals Are Off': The Dunlop Commission and Employer Opposition to Labor Law Reform," in *The Right and Labor in America,* ed., Nelson Lichtenstein (University of Pennsylvania Press, 2016), 277-79.

[60] Logan, "All Deals Are Off," 276-7, 285.

[61] Federal Express Labor Commission Testimony, July 28, 1993, Usery, Jr. Papers, Special Collections, Georgia State University Library, Atlanta; "Sorting out a Mess: Hourly Workers Apply Training in Problem

Meanwhile, Federal Express employees, primarily from Philadelphia, held a markedly different view of the company's people-first philosophy. They expressed frustration that the company's programs contradicted the ideals they were meant to embody and failed to heed the voices of front-line employees. For instance, management strictly limited employees' opportunities to participate in the shipping operation through Quality Action Teams and refused to adjust the workplace based on their insights. Although every employee was eligible to serve on a Team, management made the final decisions regarding team membership. In their statements, ground workers criticized Quality Action Teams as "a vehicle to implement management's pre-determined agenda." Unless the issue was minor, such as organizing a one-time event, management seldom considered the suggestions presented by Teams. For example, when members proposed a Quality Action Team project to share concerns and suggest solutions to improve sorting, loading, and scanning times, management did not adopt any of the recommendations into its new sorting system and inaccurately portrayed these changes as the result of the team's efforts. When a team recommendation involved financial expenditures, such as overtime distribution and scheduling, workers concluded that Quality Action Teams were "simply a smokescreen to give the impression that hourly employees actually have a voice in implementing policies."[62]

Workers' testimonies criticized Safety Committees as another ineffective employee-involvement program at Federal Express. Management portrayed these committees as a mechanism to address workplace safety concerns, but employees disclosed that the committee's

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Solving," *USA Today,* April 10, 1992.

[62] Statement by Federal Express Employees Prepared for the Commission on the Future of Worker/Management Relations, July 28, 1993, box 156, folder 25, part 2, Owen Bieber Records.

proposals would influence policy decisions only when issues were minor, such as arranging new directional painting to guide traffic flow. Management, while establishing Safety Committees, increased workplace hazards by eliminating necessary, costly safety equipment, loosening weight allowances, and ignoring "daily" policy violations. Workers reported that Federal Express management increased the maximum weight a courier could carry from seventy to seventy-five pounds, which they felt pressured to exceed to ensure the swift delivery of items. Although company policy forbade employees from handling packages or containers weighing more than 150 pounds, sixteen ground workers testified that it was a "common occurrence" for two employees to handle containers as heavy as 5,000 pounds at airport ramps.[63] The testifiers believed that management was aware of these violations, which were driven by an emphasis on speed, further deepening their distrust of the effectiveness of Safety Committees. During this period, implementing heavier package services became a widespread concern in the shipping industry, causing severe back pain among workers. In 1994, UPS doubled its weight limit from seventy to 150 pounds, prompting some Teamster locals to stage a one-day strike in protest. UPS management defended this change by claiming that 150 pounds was the industry standard, as Federal Express allowed customers to ship packages weighing any amount.[64]

The Guaranteed Fair Treatment Procedure formed the foundation of Federal Express's People-Service-Profit, yet ground workers expressed little confidence in the system. Describing the procedure as "completely employer controlled," they raised six concerns. First, a grievant was allowed to bring only the company's human resources representative to the meetings.

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[63] Statement by Federal Express Employees, July 28, 1993, Owen Bieber Records.

[64] Peter Applebome, "Teamsters and U.P.S. Settle After Short, Scattered Strike," *The New York Times,* February 7, 1994; "Save Our Backs," *International Teamster*, April/May, 1994, 8-9.

Second, the grievant could neither see nor possess any evidence of the issue. Third, the grievant was not permitted to invite witnesses. Fourth, it was entirely up to corporate leaders, or the "Fred Smith empowered management group," to decide whether the third and final panel of top executives would hear the appeal. Fifth, a manager could choose to make disciplinary actions either less severe or more severe during the process. Sixth, the management panel kept its decisions confidential, denying employees access to the information. Beyond these inherent issues within the procedure, employees also felt that management dismissed their grievances. An example cited by the workers involved two employees who filed grievances separately at different times and received identical letters rejecting their complaints.[65] Employees noted that the procedure did not indeed guarantee fair treatment. To file a grievance, they had to raise their voices in a system dominated by managers and executives without having anyone on their side who could speak from a similar perspective.

Finally, the sixteen workers revealed the ineffectiveness of the Survey Feedback Action, the annual employee attitude survey. While they recognized the program's potential as "a positive tool for creating better management," they expressed disappointment that, until union organizing began, management did not meaningfully reflect the survey results. Despite the questionnaire including items on their workgroup manager and their workplace and district managers, as well as wages and working conditions, management incorporated workers' voices only at the workgroup level. According to their statements, respondents could see survey results only for their workgroup, and only their workgroup manager held feedback sessions to discuss their responses. This indicates that management did not create an environment for employees to express their opinions at the workplace and district levels. Furthermore, employees reported that

[65] Statement by Federal Express Employees, July 28, 1993, Owen Bieber Records.

a workgroup manager, who received negative evaluations from team members, remained in the workplace and retaliated against them. As a result, workers viewed the impact of their survey responses as limited to their immediate workgroup, fostering a "very cynical" attitude toward the Survey Feedback Action.[66]

What is significant is that the sixteen employees presented these criticisms as part of their effort to help FedEx live up to the ideal of people-first. In the end of their introductory remark, the activists explicitly wrote, "Our goal is to build a union with our co-workers that will work with management to strengthen programs that educate and train employes and which make real use of the experience, expertise, and intelligence of the workforce in finding solutions to problems and/or new ways of providing service." [67] This was not just diplomatic rhetoric prepared for the Presidential Commission; the testifiers included activists central to the UAW campaign, such as Joe Carney, Bill Costello, and Al Ferrier, all of who enthusiastically shared their belief in the company's people culture with journalists and fellow employees in their activism. The point they made to the Commission, which aimed to promote employee committees in nonunion workplaces, was that employee involvement would not be effective without a system to represent employees' voices outside of the employer's control.

After holding twenty-one public hearings, interviewing 411 witnesses, and generating nearly five thousand pages of testimony notes, the Dunlop Commission identified two significant issues affecting the American workplace. First, the National Labor Relations Act had become ineffective, and the legal system provided ample opportunity for companies to circumvent unions. Second, employers' hostility toward unions and public indifference were major factors

[66] Statement by Federal Express Employees, July 28, 1993, Owen Bieber Records.

[67] Statement by Federal Express Employees, July 28, 1993, Owen Bieber Records.

disempowering organized labor. Led by Dunlop, recognized as a concession-breaker, the Commission aimed to support employers' establishment of productivity circles by revising the Wagner Act, which prohibited company unions and, in exchange, facilitated the union organizing process. However, the Commission's final report disappointed labor activists and business leaders alike, as it proposed no new penalties for employer interference, no enhancements to the current representation election system, no expansion of collective bargaining subjects, and no measures to discourage employers from shifting to temporary labor.[68] The Commission was unable to achieve its goal of providing a new, solid framework for workplace democracy to boost the productivity of American industries in global competition.

The UAW's campaign highlighted flaws in the people-first philosophy and might have succeeded if more Federal Express workers had shared their skepticism. However, the union misjudged how deeply the workforce came to embrace People-Service-Profit as a tool to let their voices be heard by the early 1990s. During the organizing drive, the UAW hired a survey company to conduct a telephone questionnaire with 369 Federal Express workers in May 1994 to assess their attitudes toward unions, unionization, work, and employment. The findings were disappointing. The report indicated that the respondents were mostly young-to-middle-aged frontline workers who provided the critical labor for the logistics network: 20 percent were part-timers, 80 percent were full-time hourly workers, and 73 percent were drivers. 34 percent were aged 25-34, 47 percent were 35-44, and only 19 percent had a four-year college degree or higher. 19 percent had worked at the company for one to four years, and 23 percent had more than 10 years of career there. Notably, the survey excluded employees from the Philadelphia area, who were central to the union campaign. The demographics mirrored the overall Federal Express

[68] Logan, "'All Deals Are Off," 292-3.

workforce: 68 percent were white, 15 percent were black, 7 percent were Hispanic, and 25 percent were women of all races.

The result demonstrates how Federal Express workers supported the spirit of People-Service-Profit as a means of maintaining and improving their work lives. Among these surveyed employees, only 19 percent favored union representation, with women and non-white workers showing less support. This led the surveyor to state, "This is the highest percentage against representation that we have seen in any of our organizing polls for the UAW." Many respondents also expressed positive feelings about management. 62 percent reported having a highly favorable opinion of the company, while 23 percent had a favorable opinion. 79 percent viewed the founder positively, with 59 percent holding a highly favorable opinion of Fred Smith and 20 percent expressing a somewhat high opinion.[69] Their admiration for Smith coincided with that of the UAW supporters, as observed by the union's lawyer, who once said, "It was kind of strange to me," that "[t]hey looked up to him like he was God."[70] Moreover, 58 percent of the survey respondents had a favorable opinion of top management. Based on these figures, the report's authors concluded, "We can't recall seeing numbers like these for upper management at any workplaces in the past." The survey clearly showed that the company's commitment to the people philosophy paid off, as key areas like relationships with managers and grievance procedures received high satisfaction ratings. It should be emphasized that respondents were not necessarily cynical about unions and the labor movement in general; 44 percent had been union members previously, and 42 percent agreed that the Teamsters Union secured a good contract for

[69] Lauer, Lalley & Associates, Survey of Federal Express Workers Conducted for the UAW, May 1994, box 156, folder 25, Owen Biber Records.

[70] Duvoisin, "Labor of Love."

UPS employees. They did not see unions as "necessary" for Federal Express, leading them to say they would vote "no union" if an election were held. On the front page of a copy of this report, a UAW officer wrote to President Owen Bieber, "We should quit spending money on the Federal Express drive."[71]

**TABLE 4. SELECTED SURVEY RESULTS OF FEDERAL EXPRESS WORKERS REPORTED TO UAW, MAY 1994**

Opinion on Union Representation

| | For | | Against | | Other | |
|---|---|---|---|---|---|---|
| | Strongly | Not so strong | Not so strong | Strongly | Unsure/depends on union | Refused to answer |
| All Respondents (%) | 13 | 6 | 15 | 51 | 12 | 3 |
| Male (%) | 21 | | 64 | | 15 | |
| Female (%) | 11 | | 75 | | 13 | |
| Non-white | 13 | | 69 | | 18 | |

Opinion on Federal Express

| | Very High | Somewhat high | Neutral | Somewhat low | Very low |
|---|---|---|---|---|---|
| All Respondents (%) | 62 | 23 | 10 | 4 | 1 |

Opinion on Fred Smith

| | Very High | Somewhat high | Neutral | Somewhat low | Very low | Other |
|---|---|---|---|---|---|---|
| All Respondents (%) | 59 | 20 | 14 | 4 | 1 | 2 |

Opinion on Top Management

| | Very High | Somewhat high | Neutral | Somewhat low | Very low | Other |
|---|---|---|---|---|---|---|
| All Respondents (%) | 29 | 29 | 25 | 11 | 4 | 2 |

How satisfied would you say you are with your job?

[71] Survey of Federal Express Workers Conducted for the UAW, May 1994, Owen Biber Records.

| | Very satisfied | Somewhat satisfied | Somewhat dissatisfied | Very dissatisfied |
|---|---|---|---|---|
| All Respondents (%) | 50 | 40 | 8 | 2 |

How satisfied would you say you are with your ability to have job problems handled fairly?

| | Very satisfied | Somewhat satisfied | Somewhat dissatisfied | Very dissatisfied |
|---|---|---|---|---|
| All Respondents (%) | 45 | 37 | 12 | 5 |

How satisfied would you say you are with your relationship with your manager?

| | Very satisfied | Somewhat satisfied | Somewhat dissatisfied | Very dissatisfied |
|---|---|---|---|---|
| All Respondents (%) | 54 | 34 | 7 | 4 |

If the union election were held today, how would you vote?

| | UAW | The Teamsters* | No Union | Other Union | Not sure |
|---|---|---|---|---|---|
| All Respondents (%) | 11 | 6 | 64 | 2 | 17 |

**Source:** Lauer, Lalley & Associates, Survey of Federal Express Workers Conducted for the UAW, May 1994, box 156, folder 25, Owen Biber Records.
**Note:** The Teamsters Union indicated its interest in organizing Federal Express at the same time.

Federal Express employees in most regions viewed the personnel policy as a helpful tool for making their voices heard and did not recognize the need for the emotionally taxing, time-consuming labor involved in union organizing to improve their working conditions. The work of historians Jonathan Rees and Sanford Jacoby suggests that American workers observed and compared welfare capitalism with unionism and exercised their agency by sometimes actively participating in paternalistic, employer-dominated programs to secure good working conditions.[72] Likewise, Federal Express workers chose to agree with management that they did not need a union because the people-first philosophy worked well enough. The Philadelphia organizing effort was only a small crack in a thick wall of People-Service-Profit, constructed as

[72] Jonathan H. Rees, *Representation and Rebellion: The Rockefeller Plan at the Colorado Fuel and Iron Company, 1914-1942* (University Press of Colorado, 2010), 3-6; Jacoby, *Modern Manors*, 179.

part of a multi-layered antiunion fortress. The UAW could not persuade Federal Express employees that a union would help strengthen People-Service-Profit because, for the workers, the philosophy was already strong enough and well implemented at the workplace.

## Labor Law Failed to Respond

The widespread satisfaction with Federal Express management across the country, as shown by the union-commissioned poll, suggests that unless workers were allowed to form a regional union, the UAW had little chance of winning from the start. Here, Federal Express exploited the arcane complexity of U.S. labor law as its primary defense against union organizing. The company's first response to the NLRB petition was that, as an airline, it should be governed by the Railway Labor Act and fall under the jurisdiction of the National Mediation Board (NMB) instead of the National Labor Relations Board. Enacted in 1926 to regulate railroad employees and later airline workers (in 1936), the Railway Labor Act placed stricter limits on workers' ability to form a union, negotiate contracts, and go on strike. Since the 1890s, the railroad industry has employed a collective bargaining system between unions and employers. Although the federal government intervened aggressively in labor disputes by dispatching troops to strike locations, government intervention in railroad industrial relations remained rare. Compared to other industries, companies in the railroad sector typically recognized unions and collective bargaining without significant hostility, making strict, legally enforced obligations unnecessary. Therefore, although the government legislated a private "treaty" with the passage of the Railway Labor Act in 1926, following the industry's experiments with standardized national agreements during World War I, the legal framework

allowed substantial voluntary adjustments in cases of industrial disputes.[73] As an attorney remarked in 1937, the "entire philosophy" of the act was "to avoid industrial conflict by means of conference, conciliation, mediation, voluntary arbitration, and other peaceful methods."[74] The core of the Railway Labor Act was to establish procedures that promote industrial stability, whereas the NLRA emphasized workers' rights to unionize.[75]

The reasons for the law's expansion to include the airline industry in 1936 have not been thoroughly examined. Other transportation sectors, especially trucking, were as crucial as airlines and railroads in ensuring the stability of interstate commerce. However, the trucking industry was governed by the NLRA, and the NLRB oversaw its union elections and addressed unfair labor practices. Scholars have insufficiently explained that when a pilots' union asked Congress for labor protection in 1936, the airline industry's "commonalities with other transportation industries covered by the RLA warranted application of the RLA to airline employer-labor interactions."[76] It is possible that airline companies recognized pilots' unions just as railroad companies, and lawmakers did not perceive an urgent need to protect pilots' right to unionize under the NLRA.

What is clear is that workers' power to unionize, enforce contracts, and strike is more restricted under the Railway Labor Act than under the NLRA. First, a union must obtain

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[73] Malcolm A. MacIntyre, "Railway Labor Act: A Misfit for Airlines," *The Journal of Air Law and Commerce*, 19 (1952): 274-88; Henry H. Perritt and Dennis A. Arouca, "Transportation Labor Law and Policy for a Deregulated Industry," *The Labor Lawyer* 1 no. 3 (1985): 617-71.

[74] Harry H. Byrer, "The Railway Labor Act and the National Labor Relations Act—A Comparison," *West Virginia Law Review* 44 no. 1 (1937): 2.

[75] Lisa Catherine Tulk, "The 1926 Railway Labor Act and the Modern American Airline Industry: Changes and Chaos Outline the Need for Revised Legislation," *Journal of Air Law and Commerce* 69 (2004): 615-45.

[76] Tulk, "The 1926 Railway Labor Act," 618.

authorization cards from 35 percent of all employees to hold an election under the RLA. The law also requires the votes of 50 percent of all employees in a workplace, not just those who cast ballots for union recognition. In an RLA election, employees who wish to remain unorganized must abstain from voting, as the National Mediation Board counts all submitted ballots as votes for unionization; thus, the union must secure a majority of all workers who cast ballots.[77] Second, the RLA requires that workers organize an entire company by class or craft, while under the NLRA, they can unionize by region or work site. Given the vast size of Federal Express's operations, organizing the entire company is far more challenging than attempting to unionize an area or a specific facility. In summary, the UAW would need to collect authorization cards from 35 percent of all Federal Express drivers operating its 30,400 vehicles nationwide and then secure votes from 50 percent of them for the union to represent them under the RLA.[78]

UAW lawyers acknowledged the high hurdles of the legal battle but may have underestimated them. Their correspondence reflects their confidence and optimism in 1992. Attorney William Josem, who had just finished a ten-day hearing before the NLRB, wrote to the union's legal department in March, "I am quite pleased with the way in which the hearings have proceeded." Although Josem did not seem overly optimistic—referring to the case as "an uphill battle"—he aimed to project confidence in the UAW's position. He elaborated on a piece of evidence put forth by the union, noting that 44 percent of Federal Express packages transported between Washington, D.C., and Boston "never see the inside of an airplane." Josem was hopeful that "we have a chance to successfully convince the government" that the company constituted a

[77] Robert J. Hickey, "Airline Labor Laws—A Fresh Look" *Journal of Air Law and Commerce* 38 no.2 (1972): 231-261.

[78] Owen Bieber and Stan Marshall to local union presidents, March 4, 1993, box 156, folder 25, part 2, Owen Bieber Records; Federal Express Corporation, *Annual Report,* 1992*,* 3.

package-delivery service subject to NLRB jurisdiction. After Federal Express rejected the UAW's petition, the NLRB sought an advisory opinion from the NMB on whether the employees fell within its jurisdiction and forwarded the record to the NMB in June. However, the file was returned to the NLRB upon the UAW's request to reopen the record and include new evidence on that date.[79] It was not until July 1995 that the NLRB renewed its request for the NMB's advisory opinion. In response, the NMB stated that "Federal Express and all of its employees are subject to the Railway Labor Act" because those workers were "employed by Federal Express directly" and, therefore, part of the company's air express delivery system.[80] On May 30, 1997, the NLRB agreed with this decision and dismissed the UAW's petition.[81]

The UAW's early- to mid-1990s campaign failure illustrates the effectiveness of Federal Express's "carrot and stick" antiunion strategy in a legal environment that favored the airline company. Workers' dissatisfaction and subsequent activism were insufficient to overcome the employee loyalty cultivated through various programs and internal promotion efforts. UAW supporters did not criticize the people-first framework itself; instead, their comments indicated that they viewed the union as necessary only because the philosophy had stopped functioning effectively. This ideological foundation did not challenge executives' belief that unions were unnecessary if the company was managed correctly; instead, it affirmed the notion that union organizing was a sign of management failure. The UAW struggled to present a strong ideological vision to counter the people-first philosophy, highlighting a broader issue within the American labor movement of that time. As Nelson Lichtenstein points out, while many workers embraced

[79] *Federal Exp. Corp.,* 317 NLRB No. 175 (1995).

[80] *Federal Express Corporation,* 23 NMB 32 (1995).

[81] *Federal Exp. Corp.,* 323 NLRB No. 157 (1997).

employee involvement, team production, and people-oriented management during the late twentieth century, these initiatives undermined the union movement. They suggested an ideological shift from class struggle to class cooperation, in which workers and employers shared a common goal of growth and prosperity.[82] This shift in management style coincided with the decline of the union's organizing and bargaining power, as employers successfully prevented efforts to update New Deal labor laws to keep up with industrial and managerial changes. Federal Express effectively blended a people-first management approach with intimidation tactics to retain employees within the corporate framework, capitalizing on an obsolete legal structure that did not anticipate the rise of an integrated transportation service covering two different labor law jurisdictions.

[82] Lichtenstein, *State of the Union,* 238-40.

# CHAPTER 7

## "PICK UP THE PACE, AND PICK UP THE WEEKLY PAYCHECK," 1999-2024

On June 8, 2006, Shelly Guthrie began working part-time at a FedEx sorting facility in Leetsdale, Pennsylvania. Guthrie's shift started at midnight. At the beginning of each shift, a FedEx SmartPost manager assigned her specific tasks for the night. As a parcel assistant, she usually wrapped packages and positioned skids in the 100,000-square-foot warehouse until 5 AM. Guthrie, a wife and mother, chose the night shift because of her daytime obligations at home. During her first week of work, Guthrie met Leonard Baker, an independent contracting driver who delivered FedEx packages from the facility. Baker offered her a driving job for him, eight hours per day after her sorting shift ended. This meant she would have to spend long hours between midnight and afternoon sorting and delivering FedEx packages, in addition to her parental obligations. The financial difficulties she and her husband faced led her to accept the job. She started the driving work on July 5, but it lasted only two days. While she was driving the delivery route for the first time with Baker seated right next to her, he sexually harassed her. After Guthrie told him that his actions were inappropriate, she again went to deliver FedEx packages with him the following day, and Baker's behavior escalated. Guthrie told FedEx employees what happened in the following days, but FedEx neither sufficiently investigated her allegations nor took active measures to ensure her safety. The incident occurred outside the FedEx property, and neither Baker nor Guthrie was a FedEx *employee*. In fact, Guthrie got the FedEx job through Liken Staffing Services, which subcontracted with Hatch Staffing, a FedEx contractor that provided temporary workers for the Leetsdale facility. Similarly, Baker was an

independent contractor working for On-Time Delivery, which contracted with FedEx. Guthrie stopped going to work, and Liken terminated her.[1]

The absence of a direct employment relationship between FedEx and Guthrie, as well as Baker, and the company's failure to provide appropriate protection for her demonstrate that the coverage of the "People-Service-Profit" model declined in the twenty-first century. Historically, both the National Labor Relations Act and Title VII of the Civil Rights Act provided strong tools for workers from diverse backgrounds to challenge unfair treatment by employers, and FedEx long sought to reduce NLRB and EEOC oversight by offering in-house alternatives to government-mandated labor standards. However, in the 2000s, the company diversified its antiunion strategies beyond a welfare-capitalist model, adding a new approach to increase the speed and flexibility of its operations. Reflecting the broader trend of business optimization, FedEx limited the expansion of its decade-old people-first philosophy and excluded many workers from full-time benefits. While maintaining a focus on cultural and economic appeals to recruit workers, it also began outsourcing frontline positions to temporary workers and independent contractors. This marked a new stage in FedEx's antiunion efforts, although it was neither sudden nor unexpected. As this chapter explains, FedEx continued to pursue operational flexibility by relying on the labor of people without stable, permanent, well-paying jobs, often working irregular hours. Its strategy for recruiting them became more diversified and optimized as a result of the defeat of unions and the expansion of economic inequality in the twenty-first century. FedEx made the most of the growing pool of workers in economic need by luring them into the time-centered culture of logistics through contracting and limited welfare-capitalist appeals.

[1] *Guthrie v. Baker,* 583 F.Supp.2d 668 (W.D. Pa. 2008).

This chapter also highlights that the notion of time lies at the center of this expansion of corporate use of precarious labor as a flexibly controllable element of its operations. The company's temporal appeal now extends to workers, encouraging people with economic needs to use their spare time for wage work in recruitment. It sells precarious work as a liberating force that allows people to use their time more flexibly, productively, and efficiently. By obscuring the distinction between work and non-work time in people's daily schedules under the guise of flexibility, the company embeds a mindset of constantly calculating all aspects of their lives in economic terms. The final landscape it has created is an economy that encourages people at the lower end of the expanding inequality to transform as much of their time as possible into economically productive time, just as Shelly Guthrie took the night shift and driver work to supplement her struggling family income. Companies capitalize on their economic needs by prompting them to minimize free time and fill small gaps between other obligations, such as school and childcare. This economic landscape that urges people to work more to improve their conditions preserves long-standing discrimination based on gender and race, rather than fixing them, and exposes them to safety problems more often in the workplace.

## Work Dualization

As many scholars have observed, various factors contributed to the "dualization" of the labor market in developed economies in the late twentieth century.[2] In the United States, the gap

[2] In European countries since the 1980s, neoliberal ideas helped develop a dualistic structure allowing permanent employees to benefit from labor standards solidified during the postwar years, while increasing the use of temporary, hourly wage labor who lacked similar protections. In Australia, so-called "casual employees" rapidly expanded, comprising 26.4 percent of all employees by 1998. Iain Campbell and John Burges, "Casual Employment in Australia and Temporary Employment in Europe," *Work, Employment & Society* 15, no. 1: 173-74.

between well-paying jobs with good benefits and low-wage "bad" jobs widened due to political, social, and economic shifts, including the globalization of production, technological advances, the decline of blue-collar middle-class employment, and the expansion of low-skilled, vulnerable immigrant labor. With market deregulation and weakened labor unions, employers gained greater control over employment relations to seek greater flexibility and "dualize" their workforces.[3] Increased pressure from investors became another strong force driving corporate restructuring as they demanded that firms improve short-term returns—rather than pursue long-term growth—by cutting labor costs and making their operations more flexible. This led to the concentration of corporate resources on their most profitable core activities while shedding other peripheral ones. Full-time jobs with full benefits shifted to lower-wage part-time or temporary positions, often contracted out to outside staffing agencies and independent "business owners." This fissured workplace, as David Weil calls it, has allowed companies to escape their responsibility to provide long-term employment security, stable hours, and workers' safety.[4]

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[3] Arne L. Kalleberg, *Good Jobs, Bad Jobs: The Rise of Polarized and Precarious Employment Systems in the United States, 1970s-2000s* (Russell Sage, 2011), 14, 21-22, 24; Sanford Jacoby, *Modern Manors: Welfare Capitalism since the New Deal* (Princeton University Press, 1997), 261; Many scholars have also emphasized the active roles that the temp industry took to loosen regulation, legally and culturally legitimize the temporary labor arrangement, grow its market, and promote its services. See Erin Hatton, The Temp Economy: From Kelly Girls to Perma-temps in Postwar America (Temple University Press, 2011); Jamie Peck and Nikolas Theodore, "Temped Out?: Industry Rhetoric, Labor Regulation, and Economic Restructuring in the Temporary Staffing Business," *Economic and Industrial Democracy* 23, no. 2 (2002): 143–75; George Gonos, "The Contest over 'Employer' Status in the Postwar United States: The Case of Temporary Help Firms," *Law & Society Review* 31 no. 1 (1997): 81-110.

[4] David Weil, *Fissured Workplace*: *Why Work Became so Bad for so Many and What can be Done to Improve it* (Harvard University Press, 2014), 23-25, 35, 44-49, 52-54, 62-63; It is also important to note that scholars of work organization have emphasized "flexibility" as a new stage of capitalist accumulation. It is not so much people's work experience, but how companies accumulate wealth that has become flexible. Here, as sociologist Beth Rubin has discussed, contingent workers provided "an ideal labor force within flexible accumulation." Even though Fordist or Taylorist production regimes seemed to be abandoned in the late twentieth century, the ways in which these workers are deskilled, replaceable, and insecure are indeed "Taylorism writ large." Steven Vallas, "Rethinking Post-Fordism: The Meaning of Workplace Flexibility," *Sociological Theory* 17, no. 1 (1999): 68-101; Beth A. Rubin, "Flexible Accumulation: The Decline of Contract and Social Transformation," *Research in Social Stratification and Mobility* 14 (1995): 297-323; David Harvey, *The Condition of*

Precarious labor was not new to undocumented migrants, Latinos, African Americans, and women who did not enjoy a fair share of the postwar economic prosperity. What characterizes the age of dualization is a major structural shift in corporate strategy, in which the workforce became a liability rather than an asset. In the late twentieth century, American companies altered their view of the workforce, valuing flexibility over labor stability. Consequently, as Louis Hyman argues, "the experiences of the people who were left out of the good postwar jobs became the rehearsal for most people's jobs today."[5] Sociologists Arne Kalleberg and Steven Vallas agree that as white men's job insecurity rises, "the racial and gender hierarchies previously established in many firms, industries, and communities have been disrupted or destabilized." Still, exposure to job precarity is shaped by race, gender, immigration status, and disabilities. As Shelly Guthrie's story shows, the vulnerability of women, workers of color, immigrants, and workers with disability increases when there is no solid legal protection.[6] FedEx's recent history confirms this pattern of expanding precarity beyond the traditionally vulnerable workers. While still relying on young college students with flexible schedules and no long-term employment expectations, the company expanded the use of contract and part-time labor beyond the hub and throughout the logistics network. Once the UAW campaign raised questions about the effectiveness of employee involvement programs, the company increased its long-standing reliance on precarious workers—ranging from young white and Black Memphians at the hub in the 1970s to contractors of various races and genders in the 2000s.

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*Postmodernity: An Enquiry into the Origins of Cultural Change* (Basil Blackwell, 1989).

[5] Louis Hyman, *Temp: How American Work, American Business, and the American Dream Became Temporary* (Viking, 2018), 12-13, 51-66, 84, 90-106.

[6] Arne Kalleberg and Steven Vallas, "Probing Precarious Work: Theory, Research, and Politics," in Arne Kalleberg and Steven Vallas, ed., *Precarious Work* (Emerald Publishing, 2017), 14-17.

Increased Use of Precarious Labor at FedEx

Two historical contexts shaped the increased reliance on non-regular, precarious labor, as seen in FedEx's adoption of the contractor model. The first is the longstanding presence of owner-operators in the trucking industry since the early twentieth century, and their expansion following the deregulation of trucking in 1980. Even during the era of regulation, some employers used owner-operators, or independent contractors, to cut costs associated with employing company drivers. However, as economist Robert Leiter noted in 1957, the Teamsters had "considerable success" in regulating the operations of independent contractors involved in local trucking, as the union was the most powerful in those settings.[7] Thus, during the regulated period, questions about the legal status of owner-operators usually concerned over-the-road truckers or local shippers who hauled exempt agricultural products.[8] However, in the 1970s and 1980s, things started to change. Following deregulation in 1980, the independent contractor model became more widespread, even in the small-package industry, with the rise of new companies such as FedEx.

The second context is the increased use of temporary and part-time labor in the trucking and warehouse industries during the 1980s and 1990s. For example, the unionized United Parcel Service became more aggressive toward the Teamsters Union at the bargaining table in the 1970s

[7] Robert D. Leiter, *The Teamsters Union, a Study of its Economic Impact* (Bookman Associate, 1957), 84; For the history of the trucking industry with a focus on de/regulation, see Shane Hamilton, *Trucking Country: The Road to America's Wal-Mart Economy* (Princeton University Press, 2006).

[8] For example, see National Van Lines, Inc. v. N.L.R.B., 273 F.2d 402 (7th Cir. 1963); *Chauffeurs, Helpers and Taxicab Drivers Local Union No. 327*, 116 NLRB 955 (1956); *Malone Freight Lines, Inc.,* 106 NLRB 1107 (1953); *Mil-Kay Bottling Co.,* 98 NLRB 447 (1952); *Bob, Inc.,* 116 NLRB 1931 (1956); *United Dairies, Inc.,* 144 NLRB 153 (1963).

and continued hiring part-time workers rather than expanding its full-time, permanent positions to support its territorial growth. The Teamsters' research department found that in the mid-1990s, 38,500 of 46,300 new hires at the company were part-timers, and nearly two-thirds of the total workforce were part-time. As a series of concession bargaining in the 1980s and 1990s revealed the union's declining power, frustrated rank-and-filers successfully took over the national leadership and renewed their fight against the tide of work reorganization and unsafe conditions. In the summer of 1997, 185,000 Teamsters went on strike against the Big Brown under the slogan, "Part-Time America Won't Work."[9]

One company that exemplified the merger of these two contexts—the greater reliance on contractors and part-time workers—was Roadway, which FedEx acquired in the late 1990s. Founded in 1930, Roadway Express initially relied on owner-operators for its workforce. However, starting in 1945, the company gradually shifted to company drivers to improve service quality.[10] After the industry was deregulated in 1980, increased competition prompted Roadway and many large unionized carriers to expand into new segments of the industry.[11] After analyzing UPS operations, Roadway entered the small-parcel market and planned to establish a subsidiary to compete with UPS by employing a labor strategy from the regulatory era, the use of owner-operators. Here, Roadway executives believed they needed to avoid the influence of the Teamsters to beat UPS's unionized workforce. The subsidiary, Roadway Package Service (RPS),

[9] Joe Allen, *The Package King: A Rank and File History of United Parcel Service* (Haymarket Books, 2020), 57-65, 72-73, 90-91, 106-133.

[10] Philip L. Cantelon and Kenneth D. Durr, *The Roadway Story* (Montrose Press, 1996), 27, 75-85. Accordingly, some owner-operators were "of highly questionable quality" and "too independent to follow the company's policies." The company offered to purchase drivers' equipment, but few owner-operators viewed the option as acceptable, causing strikes in the late 1940s and early 1950s.

[11] Charles Perry, *Deregulation and the Decline of the Unionized Trucking Industry* (Industrial Research Unit, Wharton School, University of Pennsylvania, 1986), 94-96.

proved highly successful. It grew from thirty-six to 107 terminals across thirty-two states within two years of its launch in 1985.[12] It is significant that the company relied not only on independent contractors but also on the flexible labor of young workers. The company implemented a nationwide policy of hiring only college students—most of whom were students of color—from nearby schools to work at the terminals day and night. The combination of the flexible, easily replaceable workforce at the terminals and owner-operators helped the trucking company compete in the new regulatory environment. The working conditions of those contractors did not differ substantially from those of company employees, and their status was legally contested in numerous court cases in the 1980s and 1990s.

FedEx's shift to the independent-contractor model occurred within the same contexts of post-deregulation competition and the growing use of part-time and contract workers in the trucking industry. FedEx designed the merger with RPS specifically to challenge United Parcel Service in the competitive shipping market. While the impact of the Teamster strike continued to hinder UPS management, FedEx announced in October 1997 that it would purchase RPS, merging the leading air delivery company with the second-largest ground shipper and eventually rebranding it as FedEx Ground during a sweeping corporate restructuring in early 2000.[13] Soon after the merger, the subsidiary that had offered a business-to-business trucking service began serving residential customers, directly competing with UPS. By 2000, the new company had two operating divisions: FedEx Ground Package Systems, primarily serving businesses; and FedEx Home Delivery, serving residential customers and mirroring Roadway's reliance on independent

[12] Cantelon and Durr, 234-35*,* 237, 238, 258.

[13] Dave Hirschman, "Cargo-Shareholders OK FedEx Merger and Holding Company," *The Commercial Appeal,* January 13, 1998; Donna Rosato, "FedEx Deal Packs Air, Land Punch," *USA Today*, October 7, 1997.

contractors. Compared with the parent company, which provided time-sensitive express shipping, the new FedEx Ground focused on cost-effective ground transportation.[14] Maintaining RPS's independent-contractor model helped the company's finances remain stable despite stagnant domestic package volume. An analyst noted in 2000 that FedEx Ground's shipping service achieved margins nearly twice those of FedEx's (the parent company's) express package service, boosting FedEx's overall profits.[15]

Behind FedEx's decision to strengthen its ground service and compete more directly with UPS was the growing emphasis on logistical efficiency and the rise of online retailing. Discussing the merger's goals, Fred Smith highlighted rising demand for logistics, saying, "More and more of our customers are utilizing transportation and logistics as strategic weapons and they want a broad array of services from a provider that can work with them."[16] The FedEx-RPS merger created an integrated network of air and local ground shipments, offering a more comprehensive logistics service to businesses needing efficient inventory and distribution management. Additionally, the growth of online retailing increased demand for business-to-consumer delivery services provided by companies such as Roadway and FedEx Ground. FedEx Home Delivery, according to Daniel J. Sullivan, president and chief executive of FedEx Ground, was "designed to meet this (Internet) retailing boom. We think that we have a real option in the business-to-consumer marketplace."[17] This assessment was accurate. When *Harry Potter and the*

[14] FedEx Corporation, 2000, box 30, folder 19, Department of Economic and Community Development Commissioner's Files, 1966-2014, Tennessee State Library and Archives, Department of State, State of Tennessee, Nashville.

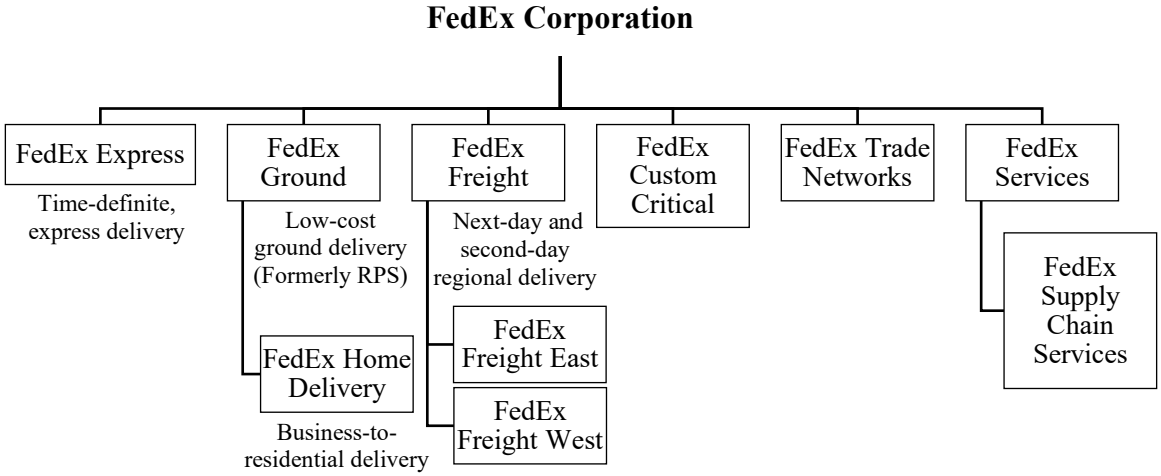
[15] Richard Thompson, "RPS Has Been Key to Boosting Earnings at FDX, Analyst Reports," *The Commercial Appeal,* January 19, 2000.

[16] Allen R. Myerson, "Federal Express Buying Trucking Concern," *The New York Times,* October 7, 1997.

[17] Richard Thompson, "New 'FedEx' Consolidates, Homes in on Net Delivery," *The Commercial Appeal,*

*Goblet of Fire* was released in July 2000, FedEx partnered with Amazon and delivered 250,000 copies on the day of the release, possibly making it "the largest E-commerce distribution of any one product at one time," according to the general manager of Amazon.com Books.[18] To attract more customers amid intense competition in the online marketplace, efforts to optimize workers' employment status were underway.

**FIGURE 4.** FEDEX CORPORATE ORGANIZATION, 2002




**Note:** Image by the author.

By the early 2000s, the number of FedEx drivers eligible for the full benefits of "People, Service, Profit" had declined as the company relied on contract labor to adjust its workforce. In 2000, external researchers reported on behalf of FedEx that approximately 215,000 employees

January 20, 2000.

[18] Richard Thompson, "FedEx Hopes 'Harry Potter Delivery is Magic,'" *The Commercial Appeal,* July 5, 2000; "When FDX Speaks, Street Will be All Ears Lots at Stake as RPS Rolls into UPS Turf," *The Commercial Appeal,* December 19, 1999.

and contractors worked for the company, of whom 166,000 were directly employed.[19] This indicates that 23 percent of the total workforce consisted of contractors and temporary workers in 2000. By 2006, FedEx Home Delivery, in which all drivers were contractors, operated a nationwide network and had agreements with 4,000 drivers, yet employed only 3,300 workers.[20] The number of independent contractors reached approximately 20,000 in 2012, when the company employed 138,833 full-time and 89,651 part-time workers.[21] Among workers lacking employment status were independent truckers, subcontracted drivers, and warehouse sorters hired through staffing agencies. For example, at FedEx Home Delivery's Worcester, Massachusetts, terminal, eight to ten temporary drivers supplemented the terminal's twenty-one independent contractors during peak seasons.[22] Anthropologists have also reported that temp agencies in Memphis actively recruited recent Latino immigrants, including undocumented workers who lacked legal protection. Of the 95 agencies surveyed, 44 percent hired Latinos, and those agencies had bilingual staff in English and Spanish. Twenty agencies reported that at least one percent of their workforce was Latino, with a median of 25 percent.[23] In Los Angeles, FedEx also held job fairs for package-handling, temporary driving, and independent-contractor positions and sent Spanish-speaking representatives to those fairs.[24]

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[19] SRI International, *Global Impact of FedEx on the New Economy: Executive Summary*, June 2001, 29.

[20] *FedEx Ground Home Delivery, A Separate Operating Division of FedEx Ground Package System, Inc.,* Case 1-RC-21966 (2006).

[21] FedEx Corp., *2012 Global Citizenship Goals and Progress Update*, 6.

[22] *FedEx Ground Home Delivery,* Case 1-RC-21966 (2006).

[23] Barbara Ellen Smith, Marcela Mendoza, and David H. Ciscel, "The World on Time: Flexible Labor, New Immigrants, and Global Logistics," in James L. Peacock, Harry L. Watson, and Carrie R. Matthews, ed., *The American South in a Global World* (University of North Carolina Press, 2005).

[24] For example, it posted an advertisement for a seasonal package handler job fair in a Spanish newspaper in Los Angeles and sent a Spanish speaker there. FedEx Ground, "Cash in on a Big Opportunity," *La Opinión,*

## Appeal of Time: Recruiting and Retaining Flexible Labor

In expanding the use of precarious labor, FedEx continued to capitalize on workers' irregular schedules and life situations to compete in the growing shipping market. Here, the concept of time, the main product of FedEx's shipping service, played a key role in recruiting young workers whose schedules did not fit the conventional 9-to-5 framework, primarily designed for a male breadwinner with a heterosexual family. As American college tuition skyrocketed and many children became unable to count on their parents financially, shipping companies tapped into the lucrative labor market of young students seeking to work between classes. Average tuition at four-year public universities nearly doubled from $1,780 in 1989-90 to $3,349 in 1999-2000 and to $6,717 in 2009-10, adjusted for inflation. Similarly, tuition and fees at public community colleges, from which FedEx recruited many students, increased from $756 in 1989-90 to $1,348 in 1999-2000 and to $2,283 in 2009-10.[25] The availability of young students with financial needs, whose schedules were more flexible than those of people with families and other commitments, enabled the company to maintain flexible operations at the hub day and night. To recruit part-time package handlers at regional and national hubs, FedEx often posted advertisements in college newspapers, targeting young students, as well as in local and Spanish newspapers. Its tuition assistance attracted students willing to take the tough overnight shifts for twenty to twenty-five hours per week while paying expensive tuition upfront. The

November 7, 2004.

[25] National Center for Education Statistics, "Average Undergraduate Tuition, Fees, Room, and Board Rates Charged for Full-Time Students in Degree-Granting Postsecondary Institutions, by Level and Control of Institution: Selected Academic Years, 1963-64 Through 2022-23," accessed December 27, 2025, https://nces.ed.gov/programs/digest/d23/tables/dt23_330.10.asp.

company offered $2,000 tuition refunds for package handlers in 2000 and increased the amount to $3,500 in 2001.[26] FedEx designed part-time package-handling positions and student-specific benefits on the assumption that they would not remain in the workforce beyond graduation, thereby optimizing operations for short-term flexibility.

Underlying FedEx job postings was a mindset that equated life satisfaction with efficient use of time. The company emphasized that the package-handling job at the hub would help people manage their schedules efficiently, reducing the wasteful use of time often seen in conventional employment arrangements. For example, it highlighted short pay periods that enabled workers to receive wages immediately, rather than waiting for a monthly payment. A series of ads FedEx ran in the mid-2000s and 2010s featured the line "Think fast – think FedEx" at the top and promoted the package-handling job as a way to earn "some fast cash" and "help with college." Specifically, the company often listed "a weekly paycheck" and "tuition assistance" in these ads as major benefits of the package handling job during the 2000s.[27] FedEx underscored the smoothness of the employment process not only for recruiting student package handlers but also for other positions. The company promoted its temporary driver position as a quick means to earn "extra cash" by stating, "If you've got the drive, we've got the wheels."[28] The company provided the vehicle and other equipment necessary for this position, and it paid drivers weekly, just as it did for package handlers. These ads' emphasis on simplicity, speed, and smoothness throughout the employment experience specifically targets workers with immediate

[26] FedEx Express, "Part-time Job? Full-time Benefits?," *The Indianapolis Star,* September 24, 2000; FedEx Express, "Part-time Job? Full-time Benefits?," *The Indianapolis Star,* July 29, 2001.

[27] FedEx Ground, "Think fast – think FedEx," *Romulus Roman,* October 23, 2003.

[28] FedEx Ground, "Answer the call," *Record Searchlight,* June 28, 2003.

financial needs but without long-term expectations. As the company had depicted wait time as economically wasteful in its consumer advertising during the 1970s, it now used the same idea to recruit individuals whose economic circumstances required them to fill their schedules with work.

The company also presented its work shifts as an appeal to recruit people seeking jobs that align with their school and other work schedules. FedEx's package-handling positions included short shifts and long overnight or early-morning shifts. For example, the company promoted its 1 AM – 8 AM shift at a warehouse in Hammond, Indiana, as "the perfect part-time job" with "outstanding pay and convenient schedules" for Purdue University Northwest students. The starting pay was $9.00- $ 9.50 per hour, well above the state minimum wage of $5.15, although UPS also paid $8.50- $9.50 to students in the same area. The advertisement demonstrated FedEx's commitment specifically to young students by stating, "It's our way of going out of our way to accommodate your already busy schedule."[29] Similarly, a 2002 advertisement in a community college newspaper advertised "immediate" part-time positions at a terminal in a Chicago suburb with three shift options: 4:30 PM – 7:30 PM, 7:30 PM – 11:00 PM, and 2 AM – 7:30 AM.[30] Such part-time schedules, as another ad from 2007 claimed, "are perfect for college students or anyone looking to make extra money."[31]

When FedEx posted package- handling positions in local newspapers, it directly appealed to people who needed supplemental income, including students. In a job posting for a late-night

[29] FedEx Ground, "Still Searching for the Perfect Part-time Job?," and UPS "Package Handlers," *The Chronicle,* October 16, 2000.

[30] FedEx Ground, "Get in Shape! Earn a Fair Wage!," *Courier,* October 4, 2002.

[31] FedEx Ground, "Think fast – think FedEx," *Tulsa World,* April 15, 2007.

shift between 2 AM and 8 AM, Monday to Friday, it said, "Money tight? FedEx Ground has the $ and the hours."[32] The company offered shift schedules that did not conflict with students' class times or conventional daytime work to attract job seekers who could or had to work irregular hours. By doing so, it spread a market-oriented understanding of time in which people should manage their schedules according to a cost calculus. Here, FedEx helped normalize and promote what scholars has called "managerial self," "entrepreneurial self," or "neoliberal self" – a notion of selfhood that manages and maximizes one's skills and qualities through strategic decision-making.[33] The time between one's primary obligations became an object of investment, to be used for economically productive activities or wage work. A successful use of time was measured by the amount of money earned during their free time. Another FedEx job posting for Elizabethtown College in Pennsylvania conveyed this idea well, encouraging students to "earn extra money during the holidays" so that they could "[m]ake the most of your school break!"[34]

The company did not shy away from the reality of high-speed work environments but rather sold it as part of the temporal experience package, along with a relatively high wage. As one job posting for students at California State University, Sacramento, exemplified, FedEx frequently described the package-handling job as "fast-paced" and stated that "you'll work up a sweat."[35] Another job posting in the University of Nebraska at Omaha newspaper similarly

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[32] FedEx Ground, "Money tight?" *The Star-Ledger,* April 9, 2000.

[33] Michel Foucault also called it "homo economicus." *The Birth of Biopolitics: Lectures at the Collège de France, 1978-1979* (Palgrave Macmillan, 2008); *Patrick Fitzsimons, Governing the Self: A Foucauldian Critique of Managerialism in Education* (Peter Lang, 2011); Ulrich Bröckling, *The Entrepreneurial Self: Fabricating a New Type of Subject,* trans. Stephen Black (Sage, 2016); Stephen Vassallo, *Neoliberal Selfhood* (Cambridge University Press, 2021).

[34] FedEx Ground, "Earn Extra Money," *The Etownian,* November 4, 2004.

[35] FedEx Ground, "Think Fast - Think FedEx." *State Hornet,* April 11, 2007.

depicted the physical intensity of the package-handling job as "a paid workout" since "[t]he work's demanding." In return, the company promised that students would receive a weekly paycheck, tuition assistance, and the chance to work with a major company.[36] FedEx confidently presented the exhausting, high-speed work as worthwhile not only for the pay but also because the arrangement was specifically tailored to college students, whose schedules and financial needs were unique. These ads justified the physical intensity of the nighttime labor as part of the temporal management of one's life that FedEx promoted. Joining FedEx meant entering a life of efficient scheduling, in which workers get a job, go to work, and receive wages at a steady pace, just in time, thanks to the flexible arrangement. An advertisement for a package handler position at a warehouse in Wilmington, Massachusetts, demonstrated this well by saying, "Pick up the pace as a part-time Package Handler and pick up a weekly paycheck and tuition assistance for college."[37]

FedEx job postings took advantage of the financial struggles of students who had to work between classes, as well as non-students who needed secondary jobs to supplement their primary income. FedEx's shipping operation needed a pool of workers available to work at night, and the company chose to fill those positions with part-time workers whose economic and life circumstances required them to work irregular hours. High wages and partial benefits for part-time workers lured economically marginalized individuals to the physically demanding nighttime jobs. As the business expanded in the 2000s and built additional hubs and sorting facilities, the decline of the labor movement and market deregulation accelerated its pursuit of operational flexibility by employing part-time workers for irregular shifts. In a capitalist society, according

[36] FedEx Ground, "Get Fit. Get Paid," *The Gateway,* April 5, 2005.

[37] FedEx Home Delivery, "Warehouse," *Wilmington Town Crier,* September 27, 2006.

to a Marxist understanding, economic pressure forces workers to sell their time to employers to avoid starvation and homelessness, and thus, a large portion of people's time is not truly their own. Therefore, "the struggle against work – in all its forms – is the fight for free time," in the words of philosophers Helen Hester and Nick Srnicek.[38] Then, the flexible employer FedEx encouraged a structure in which people with immediate financial needs used their time between their primary obligations for wage work, reinforcing capitalist power dynamics based on economic inequality. While the company presented its jobs as a liberating force that allowed workers to use their time more efficiently and flexibly, the result was that those facing financial difficulties had to find even the tiniest amount of "free" time in their schedules to make money, even if that meant working late at night and early in the morning while going to school or taking care of their children during the day.

Staffing agencies played a central role in recruiting temporary drivers for FedEx. In particular, Adecco Employment Services, a large international temp firm, sent workers to FedEx facilities as drivers and package handlers and paid them for their FedEx work.[39] Postings for these positions indicate that although Adecco legally employed the workers, FedEx sometimes took the lead in candidate selection. Some ads requested that resumes be sent directly to FedEx managers, and promoted open-house events and on-the-spot interviews held at FedEx facilities rather than at Adecco's.[40] Nonetheless, various staffing agencies, from international firms such

[38] Helen Hester and Nick Srnicek, *After Work: A History of the Home and the Fight for Free Time* (Verso, 2023), 11.

[39] For example, Robert Williams testified in 2007 that he became a FedEx temp driver after being rejected for an independent contractor position because of the lack of availability, and that he was paid by Adecco while driving a van supplied by FedEx. "Rep. Robert E. Andrews and Rep. Lynn Woolsey Holds a Hearing on Worker Misclassification," *Political Transcript Wide,* July 26, 2007. Adecco also posted ads for temporary FedEx driving positions on newspapers. Adecco, "Drivers," *The Buffalo News,* September 4, 2005.

[40] FedEx Ground, "Answer the call," *The Central New Jersey Home News,* September 23, 2007.

as Adecco to small local businesses such as Liken Staffing in Pittsburgh, both provided temporary drivers and warehouse workers to FedEx and paid their wages.

Temp agencies historically emphasized the flexibility of their work arrangements, tailored to the types of workers they sought to attract, even though these jobs did not offer greater flexibility than regular employment in practice. As Erin Hatton has persuasively shown, the temp agency originally sold temp work as "women's work" to create a sector of the economy in which workers lacked access to protections during the postwar decades. Here, the temp industry took advantage of cultural concerns about the wage labor of white middle-class wives by stressing flexibility. Their advertisements promised that women need not sacrifice their obligations as wives and mothers, thanks to the flexible arrangement.[41] Staffing agencies that contracted with FedEx followed the same pattern of capitalizing on flexibility in the 2000s. Adecco's branch manager described the service as offering "a new way to work" for companies and workers with specific needs, such as "a flexible work schedule."[42] Its target for the flexible arrangement included working-class immigrants, as it aggressively advertised job openings in Spanish-language newspapers. Here, its rhetoric resembled FedEx's, as it focused on the speed of employment by saying, "¡Solicite Hoy y Trabaje Mañana! (Apply today and work tomorrow!)."[43] With the rising presence of temp agencies in the immigrant community, an Adecco representative told a Los Angeles-area Spanish newspaper in 1997, "Many want to work temporarily for up to one year, because they can return easily to their countries of origin and

[41] Erin Hatton, "The Making of the Kelly Girl: Gender and the Origins of the Temp Industry in Postwar America," *Journal of Historical Sociology* 21, no. 1: 24; Hatton, *The Temp Economy: From Kelly Girls to Permatemps in Postwar America* (Temple University Press, 2011), 19-47.

[42] Deborah Malloy, "Adecco Employment Services Offers a New Way to Work," *Record Searchlight,* January 30, 2001.

[43] Adecco, "80 Posiciones," *La Opinión,* October 1, 2000.

come back when they want." In the interview, she identified warehousing and loading as areas of high demand for temporary workers.[44] By presenting the temporary arrangement as suitable for immigrants without solid economic and social foundations in the United States, Adecco positioned them at the more vulnerable, lower end of the dualized labor market.

Staffing agencies and FedEx also attracted independent contractors by framing flexibility as a key element of contractors' independence.[45] To recruit drivers, they used what sociologist Steve Viscelli calls "contracting discourse," which promised independence, freedom, and opportunity. Working with consultants such as the American Trucking Business Services (ATBS), trucking companies, including FedEx, depicted independent contractors as business owners whose success depended on their "hard work, risk, sacrifice, and entrepreneurial spirit."[46] Such cultural values have been closely linked to masculinity, as shown by the fact that the majority of applicants for the FedEx position were men.[47] To recruit people, especially men who aspired to be business owners, most ads for the FedEx contract emphasized the experience of independence as the position's primary appeal. Its ads from 2001 read, "Take control of your destiny," "If you've always wanted to own your own business, this is a perfect opportunity," and

[44] José Fuentes-Salinas, "¿Busca Empleo…? Llévese Puestas Las Botas," *La Opinión,* July 6, 1997.

[45] Some of the job postings for independent contractors directed potential contractors to Adecco rather than FedEx for more information. FedEx Home Delivery, "It's easier to get to the top when you start there," *The New York Times,* October 21, 2001.

[46] Steve Viscelli, *The Big Rig: Trucking and the Decline of the American Dream* (University of California Press, 2016), 113-14; ATBS helps trucking firms recruit contractors, design the contract relationships, retain them, and coordinate with each other to develop compensation plans. FedEx was listed as one of the ATBS clients. Viscelli, *The Big Rig,* 170-73, 242.

[47] Specific data on contractors' demographics are unavailable, but the names in court cases suggest that most drivers directly contracted with FedEx in the early 2000s were men, including some with Spanish surnames. The overwhelming majority of those independent drivers featured in the company's antiunion videos, uploaded on YouTube by a Teamster Local, were also men.

"Ever wanted to own your own business?"[48] The promised flexibility in work schedules reinforced this sense of independence, with a key benefit of contracting being "the flexibility to start your own business."[49] The company sent a message implying that contractors could independently determine their own hours, acting as their own bosses. Thus, it told job seekers, "Don't want to work weekend? Don't! Want to make more money? Go ahead!" by becoming a contractor.[50] FedEx sold its contracts to immigrants, too, by posting these ads in Spanish newspapers and promoting its open house events there.[51]

When the company produced a series of antiunion videos to counter an organizing drive among independent contractors, it continued to highlight workers' control over time as a way to empower them in ways not seen in traditional employment relations. For example, contractor James Downs expressed support for the arrangement by stating, "In my business, I control everything. This is my business," thereby allowing him to visit his children at school during the day.[52] In Downs's view, flexible scheduling afforded him greater control over his work and increased his life satisfaction as a father, something not possible under normal daytime labor. Other workers in the antiunion video also emphasized the link between flexibility and control. When Morteza Modarres began working as an independent contractor, he believed, "It gives me

[48] FedEx Home Delivery, "Looking for a New Opportunity?," *Wisconsin State Journal,* November 11, 2001; FedEx Home Delivery, "It's Easier to Get to the Top When You Start There," *The New York Times,* October 21, 2001; FedEx Home Delivery, "Ever Wanted to Own Your Own Business?," *St. Louis Post-Dispatch,* March 5, 2001.

[49] FedEx Ground, "A Partnership that Works," *The Times-Tribune,* November 28, 2004.

[50] FedEx Ground, "When You're the Owner, You Make the Calls," *Daily Record,* July 16, 2000.

[51] FedEx Home Delivery, "It All Adds up to Success," *La Opinión,* August 18, 2003.

[52] "FedEx Ground Antiunion Video Part 2," posted August 18, 2017, by Teamsters Local 728, YouTube, https://www.youtube.com/watch?v=EXZvt7ZaCSM.

flexibility, it gives me freedom."[53] It is true that FedEx could not control work hours, break times, or routes under the agreement, allowing contractors to choose when to start working in the morning and to take breaks for personal errands without manager approval, at least in theory.[54] The company depicted this flexibility not as a strength of its logistics service that consumers embraced, but as a characteristic of the new economic arrangement, where people's personal life satisfaction and economic gains were well balanced. FedEx commodified the sense of time by encouraging workers to more flexibly reimagine their daily and weekly schedules to recruit contractors.

FedEx achieved flexibility in its delivery operations by treating delivery routes and workers' responsibilities as tradable products. In fact, while the company posted numerous advertisements for independent contractor positions in the early 2000s, it also publicly advertised its delivery routes for sale. This meant that contractors could purchase routes from other drivers and from FedEx to expand their "business." In such cases, they were allowed to hire additional drivers or helpers. For instance, Darrell Debnam, a contractor from Massachusetts, operated nine delivery routes and employed sixty other drivers between 2004 and 2009.[55] This is when independent contractors began acting more like independent business owners and may have chosen to incorporate their businesses. A FedEx manager testified in 2006 that 15 to 20 percent of all contractors nationwide had incorporated.[56] Just as small contracting or subcontracting

[53] "FedEx Ground Antiunion Video Part 3," posted August 18, 2017, by Teamsters Local 728, YouTube, https://www.youtube.com/watch?v=L4eo3oHS6GY.

[54] *FedEx Ground Home Delivery,* NLRB Case 1-RC-21966 (2006).

[55] Debnam v. FedEx Home Delivery, No. 10–11025–GAO, 2013 WL 5434142 (U.S. District Ct. D. Mass. Sep. 27, 2013).

[56] *FedEx Ground Home Delivery,* Case 1-RC-21966 (2006).

firms with several crew members extracted coal for A. T. Massey Coal or built and maintained cell towers for AT&T and Verizon, small-scale firms with little negotiating power operated the shipping network within the complex contractual relationship established by FedEx.[57]

Indeed, the reality of contracting often contradicts the idea of flexibility and independence. Montana's Attorney General Steve Bullock, who was involved in the legal effort to address FedEx's misclassification, stated, "The biggest challenge these drivers faced were the restrictions they were given: routes, delivery time, etc."[58] Similarly, Bob Williams, an independent contractor who led a unionization effort in Massachusetts, told *The New York Times* that he started the job because of advertisements promising "Be Your Own Boss" and earnings of $55,000 to $70,000, only to find that "[t]hey have complete control over my day."[59] Regardless of prior experience, independent contractors remained subject to management oversight and regulatory requirements. Although operations appeared flexible, the company still required drivers to purchase scanners to record deliveries, wear a FedEx uniform and badge, and adhere to the company's appearance standards. Their vehicles, which they had to purchase or lease with FedEx's help, also had to display the FedEx logo, and if a contractor wanted to use the van for personal or other business purposes, they needed to remove or conceal the logo.[60] FedEx management also retained authority over drivers' performance by requiring an annual

[57] Weil, *Fissured Workplace*, 102-5, 107-11.

[58] "Delivering Teamster Power: Organizing Campaign Launched at FedEx Freight," *International Teamster,* September 2011, 23.

[59] "Teamsters Hope to Lure FedEx Drivers," *The New York Times,* May 30, 2006.

[60] *FedEx Ground Home Delivery,* Case 1-RC-21966 (2006).

performance audit.[61] Elements of Taylorist monitoring persisted despite the well-publicized "independence," and the company enforced rigid control over workers to achieve flexibility.

The system for calculating a driver's earnings reinforced the culture of optimizing one's schedule for maximum profitability, under the guise of an independent business owner. As David Weil has explained, independent contractors are typically paid based on completed jobs rather than hours worked.[62] FedEx followed this pattern by implementing a complex system to calculate contractor pay. In Worcester, Massachusetts, each stop and package was valued at $1.24 and $0.22, respectively, with an additional payment for oversized packages. There were also extra premiums for deliveries made by appointment, evening deliveries, and packages requiring customer signatures. When a contractor exceeded 200 miles in a day, they would also receive an additional $15-$20 per mile. Additionally, FedEx paid for each package that a contractor sorted and loaded into their vehicle. Finally, incentives were provided in areas with growing customer density and during holiday periods.[63] A program for drivers to take leave further complicated the calculation. To take time off, contractors would need to find and pay another qualified driver to cover their route. Alternatively, they could pay FedEx to enroll in a Time Off program, under which the company would assign a substitute driver, or a "swing" contractor, for up to two weeks of leave per year. Drivers were required to remain in this program for the entire year and pay $17.50 per week.[64]

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[61] FedEx Home Delivery v. National Labor Relations Board, 563 F.3d 492 (D.C. Cir. 2009).

[62] Weil, *Fissured Workplace,* 119.

[63] *FedEx Ground Home Delivery,* Case 1-RC-21966 (2006).

[64] Debnam v. FedEx Home Delivery, 2013 WL 5434142 (U.S. District Ct. D. Mass. Sep. 27, 2013).

Such a complex pay scale fostered the consciousness that every aspect of a driver's labor and schedule had a specific monetary value. Each package, stop, mile, and action of loading, sorting, and requesting a signature became an object of constant calculation, and a driver's earnings depended on their ability to deliver more packages as efficiently as possible, based on the math. When FedEx called this system "performance based income" in job postings, that performance included not only delivering packages but also navigating the entire market of packages, miles, and different types of services.[65] A contract driver, Bob Fonseca, positively described the mindset necessary to survive in this economy in one of the antiunion videos, "Anybody who has been in this business right now in FedEx knows, the harder you do work, the more you make. The better job you do, the better you'll feel about yourself."[66] Since many drivers took out loans to purchase vans or leased them, they had to add monthly payments, gas, and other maintenance costs to the calculation. Independent contractor Jean Capobianco explained to a *New York Times* reporter in 2008 that she paid $800 per month for the truck, $125 per week for fuel, $55 per week for equipment, and $4,000 per year for insurance.[67] While FedEx claimed that drivers would earn more than $60,000 per year, and many drivers did exceed that amount, most ended up with much lower net pay.[68] Capobianco reported that her net pay was $32,000 in some years, meaning that she earned $10.25 an hour. Struggling contractors found it difficult to leave the job due to the substantial initial investment. When Capobianco,

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[65] FedEx Ground, "We Need People Who Really Can Deliver," *The Butner-Creedmoor News,* October 19, 2000.

[66] "FedEx Ground Antiunion Video Part 2," posted August 18, 2017, by Teamsters Local 728, YouTube.

[67] Steven Greenhouse, "Working Life (High and Low)," *The New York Times,* April 20, 2008. Adapted from Steven Greenhouse, *The Big Squeeze: Tough Times for the American Worker* (Knopf, 2008).

[68] In 2004, of the sixteen contractors at Worcester terminal, fourteen earned between $69,270 and $81,649. *FedEx Ground Home Delivery,* Case 1-RC-21966 (2006).

already a breast cancer survivor, was diagnosed with Stage 4 cancer in 2004, she requested a leave of absence from FedEx Ground, only to be declined. The company soon terminated her, who needed chemotherapy but was unable to find a replacement driver.[69] FedEx designed the system to minimize labor costs while pressuring drivers to crunch the numbers, work more, and use their time as productively as possible, viewing their lives as an enterprise to manage.

## Limited Protection

By placing responsibility for all aspects of labor on workers and promoting a culture that measures the entire schedule by economic productivity, businesses preserved and reinforced preexisting economic and social inequalities. In this system, the only way to improve one's economic situation was to use time more efficiently by reducing the economically unproductive hours in one's schedule. For women, people of color, immigrants, and workers with disabilities who faced discrimination at work, this meant greater vulnerability. Many workers faced unfair labor practices related to race, national origin, gender, and disability at FedEx, but their lack of a formal employment relationship with the company prevented them from winning Title VII and ADA complaints. For example, Emily Lemmings, a driver employed by a FedEx contractor, was sexually harassed by a FedEx Ground Service Manager at the Memphis hub in October 2004. Six days after the incident, Lemmings called the company's sexual harassment hotline, which directed her to contact customer service because the hotline was available only to FedEx *employees.* Lemmings sued FedEx in federal court, alleging violations of Title VII of the Civil Rights Act of 1964. However, FedEx argued that because Lemmings was not an *employee*, she

[69] Greenhouse, "Working Life."

was not covered by Title VII protections, and the U.S. District Court agreed with FedEx.[70] Feminist, civil rights, and labor movements spent decades fighting for protections against discrimination and harassment for diverse employees in the U.S., but employers could easily strip these rights away simply by denying a direct employment relationship.

Of course, Title VII was not the only tool workers used to protect themselves from unfair labor practices. Workers also turned to a more traditional option, the National Labor Relations Act, which excludes independent contractors from its jurisdiction. The Teamsters Union spent over a decade trying to convince the court that FedEx contract drivers were employees, but it achieved only limited, short-term victories amid the company's persistent legal challenges and unlawful actions. Between 2003 and 2009, FedEx contract drivers filed more than two dozen lawsuits across about forty states, alleging that the company had illegally misclassified 14,000 drivers as independent contractors. They sought benefits such as overtime, paid vacation, and expense reimbursement, which the carrier's 60,000 employee drivers enjoyed under the well-known people-first principle.[71] Some courts ruled in favor of the drivers, upholding their right to union elections, while others disagreed.[72] Between 2004 and 2007, the NLRB recognized FedEx

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[70] Lemmings v. FedEx Ground Package System, Inc., 492 F.Supp.2d 880 (W.D. Tenn. 2007). Cases involving African Americans and people with disabilities who faced discrimination at FedEx but were unable to hold it accountable due to their employment status include Sandefur v. FedEx Ground Package Sys., Inc, No. CV-11-S-306-NE, 2013 WL 625299 (N.D. Ala. Feb. 14, 2013); S.K. Services v. FedEx Ground Package System, Inc., No. 1:08-CV-158, 2008 WL 5204067 (E.D. Tenn. Dec. 11, 2008); Mailhot v. FedEx Ground Package Sys., Inc., No. 02-00257, 2003 WL 22037314 (D.N.H. Aug. 29, 2003).

[71] Dean Foust, "The Ground War at FedEx," *Business Week,* November 28, 2005, 42-43.

[72] The plaintiffs eventually consolidated more than forty cases into a single Multi-District Litigation (MDL) in an Indiana federal court, which denied most of their claims. Afterward, drivers in California and Oregon appealed to a higher court. In 2014, the court reversed its earlier decision and held that 2,300 drivers in California and 363 in Oregon should be classified as employees rather than independent contractors. After the Supreme Court of Kansas and another court of appeals upheld the decision, FedEx agreed to settle the cases in 2016, paying $228 million to California drivers and $240 million to drivers in twenty other states. By the time the two sides reached the settlement, FedEx had already ceased contracting with individual drivers who were not incorporated. After the lengthy, costly lawsuits, FedEx spokesperson David Westrick said, "We are pleased to put this matter behind us, as it relates to a contract that has not been in use for a number of years." In re

drivers as employees in five cases involving Teamster Local 177 and drivers in Fairfield, New Jersey (2004); about thirty drivers in Barrington, New Jersey (2005); Local 25 and forty drivers in Wilmington, Massachusetts (2006); Local 25 and twenty-three drivers in Northborough, Massachusetts (2006); Local 671 and twenty-three drivers in Hartford (2007); and Local 170 and eighteen drivers in Worcester, Massachusetts (2007).[73] Boosted by these decisions, Local 25 and Local 671 won representation elections at terminals in Wilmington and Hartford. Still, FedEx challenged their classification and refused to bargain. The Wilmington case, with Ted Cruz serving as FedEx's attorney, eventually reached the D.C. Circuit Court of Appeals, which held that FedEx's employees were independent contractors, thereby overturning the earlier NLRB decision.[74] The Hartford case followed the same pattern. The NLRB argued that these drivers were employees, but FedEx refused to bargain in light of the D.C. Circuit's decision, and the court again supported FedEx's position.[75] During the lengthy legal battles, FedEx allegedly harassed, threatened, and fired union supporters, reflecting a pattern of antiunion activity rooted in its history since the 1970s.

In defending its position, FedEx management reiterated the discourse of freedom and entrepreneurial opportunity. In April 2009, after a Superior Court jury in Seattle denied FedEx

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*FedEx Ground Package System, Inc.,* 758 F.Supp.2d 638 (N.D. Ind. 2010); Alexander v. FedEx Ground Package System, Inc., 765 F.3d 981 (9th Cir. 2014); Craig v. FedEx Ground Package System, Inc., 335 P.3d 66 (Kan. 2014); Daniel Wiessner, "FedEx to settle driver lawsuits in 20 states for $240 million," *Reuters,* June 16, 2016, accessed April 7, 2025, https://www.reuters.com/article/business/fedex-to-settle-driver-lawsuits-in-20-states-for-240-million-idUSKCN0Z229Q/.

[73] *FedEx Ground Package Systems, Inc.,* Case 22-RC-12508 (2004); *FedEx Home Delivery,* Case 4-RC-20974 (2005), *FedEx Home Delivery*, Case 1-RC-21966 (2006); *FedEx Home Delivery,* Case 1-RC-22034 and 22035 (2006); *FedEx Home Delivery,* Case 34-RC–2205 (2007).

[74] FedEx Home Delivery v. NLRB, 563 F.3d 492 (D.C. Cir. 2009).

[75] *FedEx Home Delivery and International Brotherhood of Teamsters, Local 671,* Cases 34–CA–012735 and 34 RC–2205; FedEx Home Delivery v. NLRB (FedEx II), 849 F.3d 1123 (D.C. Cir. 2017).

drivers employee status, the company issued a corporate press release stating that "the contractors freely chose to enter a contractual relationship with FedEx Ground, owned and operated their own businesses as they chose according to the operating agreement, and achieved financial success based on their own efforts."[76] In the same month, after the U.S. Court of Appeals for the D.C. Circuit also ruled in the company's favor in a different case, corporate spokesperson Maury Lane repeated the same rhetoric, saying, "FedEx Ground contractors are independent business owners who choose to own and operate their own enterprises as they like."[77] In October, after the attorneys general of New York, New Jersey, and Montana threatened lawsuits, Maury Lane used similar language. "[W]e will vigorously defend the right of FedEx Ground independent contractors to own and operate their businesses, should the AGs pursue litigation."[78] In these words, FedEx described its efforts as a fight to support contractors' entrepreneurial ventures, even though only 15-20 percent of them were incorporated nationwide. By portraying contractors as business owners who "chose" to work for FedEx in pursuit of entrepreneurial success, FedEx minimized the reality of its surveillance and control over drivers, as well as the lack of protection. Critics argued that what FedEx aimed to protect was not contractors' rights but their financial security and investments. In late December 2007, the Internal Revenue Service, which had approved RPS's contractor model in 1994, notified FedEx of its plan to assess the company $319 million in back taxes and penalties arising from the

[76] Wayne Risher, "Jury Sides with FedEx on Drivers, Says Workers are Independent Contractors," *The Commercial Appeal,* April 2, 2009.

[77] Wayne Risher, "Appeals Court Ruling Sides with FedEx in Independent-Contractor Case," *The Commercial Appeal*, April 21, 2009.

[78] Wayne Risher, "FedEx Standing its 'Ground' on Driver Classification," *The Commercial Appeal,* October 20, 2009.

misclassification of its drivers in the 2002 tax year.[79] Although the proposed assessment was withdrawn, the IRS audit team proposed an alternative assessment, which was also canceled, except for $14 million in interest owed by FedEx Ground contractors.[80]

In 2011, amid legal disputes, FedEx Ground ceased contracting directly with independent drivers and began working exclusively with incorporated businesses. However, this change did not alter the fact that none of the FedEx Ground drivers were considered employees of the company. The workplace has remained "fissured," unions have struggled to organize small and mid-sized companies that contract with FedEx, and women, workers of color, and workers with disabilities are not eligible for protection against discrimination or for various benefits, such as sick and family leave. While scholars have debated the causal relationship between Title VII of the Civil Rights Act and the decline of unions as women and people of color began to rely on the law instead of, or in addition to, unions, it is more important here that employers easily nullified the power of both unions and Title VII by removing direct employment relationships with workers.[81]

[79] Jane Roberts, "Wall Street, Media Hear FedEx Ground Defense," *The Commercial Appeal*, January 11, 2008.

[80] Wayne Risher, "FedEx Ground Gets a Victory," *The Commercial Appeal*, October 31, 2009.

[81] See Nancy MacLean, *Freedom is not Enough: The Opening of the American Workplace* (Harvard University Press, 2006); Lane Windham, *Knocking on Labor's Door: Union Organizing in the 1970s and the Roots of a New Economic Divide* (University of North Carolina Press, 2017); Jefferson Cowie, *The Great Exception: The New Deal and the Limits of American Politics* (Princeton University Press, 2016); Nelson Lichtenstein, *State of the Union: A Century of American Labor* (Princeton University Press, 2002); Dennis Deslippe, *"Rights, Not Roses,": Unions and the Rise of Working-Class Feminism, 1945-1980* (University of Illinois Press, 2000).

The increased emphasis on speed has made the shipping industry more dangerous. Since the early 2000s, the Bureau of Labor Statistics has regularly ranked transportation and warehousing as one of the sectors with the highest fatality rates, second only to construction.[82] Geographer Deborah Cowen criticizes how the creation of the "seamless" global logistics infrastructure in the 2000s sacrificed workers' safety, as shown by the deaths of port workers around the world.[83] The same pattern is occurring in the delivery industry as well. Leading companies in this sector compromise workers' safety, as UPS and FedEx have routinely violated Occupational Safety and Health Administration standards for the past twenty-five years, and a series of workplace injuries and fatalities has not prompted them to improve conditions in the long run.[84] At least twenty-four and twenty-three workers died at FedEx and UPS, respectively, as a result of workplace accidents since 2011, including from falling, being struck by trucks, containers, pallets, dollies, and forklifts, and from being caught in the conveyor belt system, in addition to traffic accidents. Compared to UPS, FedEx has fewer traffic accidents involving drivers but more fatalities among package handlers at hub facilities.[85] (It should be highlighted that OSHA data does not include contractors driving for FedEx.) The company continues to offer tuition assistance to attract college students, but the physically intensive work environment

[82] News Release, US Department of Labor, Bureau of Labor Statistics, Census of Fatal Occupational Injuries, 2003-2023. Also see AFL-CIO Safety and Health Office, *Death on the Job: The Toll of Neglect* (AFL-CIO, 1992-2024).

[83] Deborah Cowen, *The Deadly Life of Logistics: Mapping Violence in Global Trade* (University of Minnesota Press, 2014), 93-98.

[84] "Establishment Search," Occupational Safety and Health Administration, updated February 4, 2006, https://www.osha.gov/ords/imis/establishment.html.

[85] "Fatality Inspection Data," Occupational Safety and Health Administration, accessed February 6, 2006, https://www.osha.gov/fatalities.

drives many to resign before they qualify. In 2020, when the Covid-19 pandemic accelerated a shift to online shopping, the turnover rate among FedEx part-time employees reached 132 percent. In 2022, the number reached 198 percent and remained high with 195 percent in 2024.[86]

**TABLE 6. FEDEX TURNOVER RATE, 2015-2024**

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Turnover Rate (%) | 33 | 38 | 41 | 51 | 62 | 65 | 57 | 102 | 99 | 95 |
| Part-time Turnover Rate (%) | - | - | - | - | - | 132 | 136 | 198 | - | 195 |

**Source:** FedEx Global Citizenship Report, 2015-18; FedEx ESG Report, 2021-2023; FedEx Corporate Responsibility Report, 2025.
**Note:** Most of the part-time workers are package handlers.

The number of fatalities at FedEx Memphis hub has risen in the 2010s and 2020s. Before the scope of people-first shrank, workplace fatalities were relatively rare at FedEx, with three deaths between 1973 and 2000.[87] However, between 2014 and 2023, seven workers, including six people of color, died. Victims included both groups of FedEx workers discussed in this dissertation: part-time and temporary workers who provided flexible labor during irregular hours, and long-time employees who trusted the company's people-first principle. On July 2, 2014, 19-year-old community college student Chandler Warren was crushed between a cargo loader's rear platform and its supporting structure. The loader, which weighs approximately 63,000 pounds

[86] FedEx Global Citizenship Report, 2013-18; FedEx ESG Report, 2021-2023; FedEx Corporate Responsibility Report, 2025.

[87] In May 2000, A FedEx spokesman told *The Commercial Appeal* that the death of a mechanic that month was the third fatality at the Memphis hub in the twenty-seven years since 1973. "Mechanic, 55, Dies in Accident at FedEx hub," *The Commercial Appeal*, May 16, 2000.

when empty, killed Warren, a two-month-old package handler who aspired to become an aircraft mechanic.[88] Early on the morning of November 22, 2015, Christopher Higginbottom, 39, fell off a tug he was driving and was crushed by the trailer he was towing. Higginbottom, an African American single father of 14-year-old twins and an 18-year-old FedEx employee, was found dead underneath the dolly, which can carry approximately 2,300 pounds.[89] During the Thanksgiving week of 2019, Duntate Young, a 23-year-old African American package handler, died at the hub. Hoping to save money as an emerging rapper, Young, also a father of two sons, started the job in mid-October through a temp agency. During his overnight shift, his leg got caught in the vinyl door of a container, and he was dragged 5 to 6 feet. Journalists and scholars have pointed out that his death was "extremely preventable," as a similar incident had happened three years earlier.[90]

Economic hardship has prompted not only young workers but also middle-aged and elderly people to take on physically demanding, late-night labor at the FedEx hub. In November 2016, Fannie Stanberry, then a 61-year-old Black part-time worker, was trapped between a catwalk and a platform carrying a dolly. Her eight ribs and left arm were broken, and her liver was lacerated. According to the Tennessee Occupational Safety and Health Administration, FedEx did not adequately address the hazard, causing the death of Duntate Young in 2019. It was a wage above the minimum wage and health insurance that attracted Stanberry to the job, since

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[88] Steve Crain, Ashley Crockett, and Stephanie Scurlock, "FedEx worker dies after injury in early morning hub accident," *WREG.com,* July 2, 2014, https://wreg.com/news/fedex-worker-dies-after-injury-in-early-morning-hub-accident/.

[89] Yolanda Jones and Jody Callahan, "Police Identify Employee Killed in Accident on Sunday at FedEx," *The Commercial Appeal*, November 24, 2015.

[90] Wendi C. Thomas, "A Temp Worker Died on the Job After FedEx Didn't Fix a Known Hazard. The Fine: $7,000," *MLK 50: Justice Through Journalism*, December 22, 2020, https://mlk50.com/2020/12/22/fedex-prioritizes-packages-over-employee-safety-workers-and-experts-say/.

these benefits were unavailable in her previous job at a grocery store. She regretted quitting her job for "some extra money" offered by FedEx to pay her rent.[91] Stanberry is hardly the only elderly worker who accepted the package-handling job at the hub despite the physical hazards. The night before Thanksgiving in 2017, 60-year-old African American woman Ellen Gladney was run over and fatally dragged underneath an auxiliary deck while working as part of a team unloading an aircraft.[92] Most recently, late at night in November 2023, Verna Mae Jackson, an 86-year-old Black woman with a 25-year career at the company, was caught beneath a 2,500-pound container and died.[93] The relatively high hourly wage and employee benefits, even for part-time workers, continue to lure these economically disadvantaged people to the unsafe job during irregular hours.

Nonetheless, even those who supposedly enjoy the benefits of people-first have faced increased safety hazards and fatal incidents at the hub in recent years. In February 2022, 33-year-old African American woman Jessica James died while operating a forklift. She had a long career at FedEx, beginning in 2008 after graduating from high school. Her father recalled her passion for the people-first company, saying, "She lived and breathed for FedEx. She'd miss family events to work."[94] In November 2022, Angelo Scott, 48, died when his utility vehicle and another truck crashed at the hub. Scott, an African-American father of three daughters and a

[91] Thomas, "A Temp Worker Died."

[92] Wayne Risher, "Investigators Cite FedEx in Accident Linked to Hub Worker's Death," *The Commercial Appeal,* May 15, 2018.

[93] Kalyn Womack, "An 86-year-old Black Woman Died at a FedEx Facility… And She Isn't The First," *The Root: Black News and Black Views with a Whole Lotta Attitude,* December 17, 2023, https://www.theroot.com/an-86-year-old-black-woman-died-at-a-fedex-facility-an-1851096248.

[94] Wendi C. Thomas, "FedEx Says it's a Safe Workplace. So Why is Jessica James Dead?," *MKK 50: Justice Through Journalism,* March 1, 2023.

grandfather, began his career at FedEx as a package handler in 1993, received several employee awards, and was promoted to manager in 2014.[95] These incidents indicate that even FedEx employees who were beneficiaries of the inclusive people principle can no longer rely on the company, as an excessive emphasis on speed has seriously compromised workplace safety. The benefits of people-first are a tradeoff of a safe working environment and a regular work schedule – most of FedEx's fatalities took place late at night and early in the morning. This is the consequence of the fifty years of dual development at FedEx: antiunion, management-dominant control of the workplace, and a progressive, pro-people appeal to attract workers.

Today, FedEx management still proudly upholds the people-first philosophy as the foundation of long-term corporate success. However, the people principle has become a sparsely inhabited manor over the past twenty-five years, now roped off not only to unions but also to many workers. Within the manor, the company offers part-time workers the benefits of people-first in exchange for safety and long-term commitment. FedEx now achieves flexible operations not so much by managing how employees prefer the company to unions, but by capitalizing on the needs of economically marginalized workers who are willing to work whenever they can, regardless of how short or irregular their hours are, to make ends meet. In 2024, Tracy Brightman, FedEx's chief "people officer," said in response to *The New York Times* inquiring about the Teamsters challenges at the company, "Our culture, built and tested over 50 years, is based on the philosophy that if we take care of our people, they will deliver outstanding service for our customers, which will drive business results for our company."[96] A worker might enjoy

[95] Obituary, Angelo DeWhite Scott Jr., accessed February 5, 2026, https://www.ehfordmortuary.com/obituary/angelo-scott.

[96] Peter Eavis, "The Delivery Business Shows Why Unions Are Struggling to Expand," *The New York Times,* May 27, 2024, https://www.nytimes.com/2024/05/27/business/economy/amazon-fedex-ups-union.html.

the benefits of this philosophy only if they are considered “our people,” and those denied full access to the core of the corporate manor fill easily replaceable, unsafe roles in warehouses and vans to support the flexible logistics network. The increasingly unequal economy that companies like FedEx helped create puts them in a position to devote as much time as possible to wage labor within the express network, which, indeed, promised to minimize wasteful use of time.

# CHAPTER 8

## "THEY GO TO WORK EVERY NIGHT HAPPY"

In December 2018, when FedEx launched a free bus ride for employees, Mary Harris began working at the hub. She was a 38-year-old African American mother of a 20-year-old son at the time, and still lives in Greenwood, Mississippi. Her home is over 100 miles from the hub. Commuting is not easy. She first drives her own car for an hour to Cleveland, Mississippi, where she transfers to one of the company-sponsored Delta Bus Lines coaches parked in the Walmart lot along a major avenue at 7 PM. About two hundred employees, often already wearing FedEx T-shirts and reflective jackets, board the buses with her. Many work at the hub and repeat this commute five days a week. A two-hour bus ride brings Harris and the others to the hub right next to Memphis International Airport. After a late dinner in the cafeteria, they start their overnight shift at 10:30 PM. There is no break in a five-hour shift. They unload aircraft, move packages onto conveyor belts, sort them, and load the aircraft again. Afterward, they board the bus back to Cleveland, arriving before sunrise around 6 AM. Harris does not drive home from Cleveland; instead, after a short rest, she rides the bus to Memphis again for her daytime shift. She works five hours at the hub, then takes the bus back to Cleveland, where she rests at her son's father's house for a couple of hours before catching another bus to Memphis. Working another five-hour overnight shift, it has been over forty hours since she left her home before she finally makes her way back to Greenwood.[1]

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[1] Paul Ziobro, "FedEx Goes Deep Into Mississippi Delta to Find Workers," *The Wall Street Journal,* December 7, 2019, wsj.com/articles/fedex-goes-deep-into-mississippi-delta-to-find-workers-11575714601?gaa_at=eafs&gaa_n=AWEtsqc8IYbGXY4XwkJgfo-imaIcnMPsgjaIZQ3dz6VEUUR-1oxkQ2i0cZ8nxGOLQHY%3D&gaa_ts=69b5f7cc&gaa_sig=uymx9Sfw7jr1eL7iIo_YlXDfshxIigiZYTlwMFix8UsI_IDnrUBYRU-BRKNsJQcQKDqrrF6bldZ2HtEgNIjU3g%3D%3D; Max Garland, "With 4-Hour Round Trip, FedEx Buses Workers from the Delta to Memphis Hub," *The Commercial Appeal,* March 5, 2019, commercialappeal.com/story/money/industries/logistics/2019/03/05/fedex-express-hub-cleveland-mississippi-part-time-jobs/2595237002/

Mary Harris's schedule is not flexible at all – it consists of a mix of nighttime and daytime shifts separated by long hours of commute. Still, she took the job. The wages are higher than she could ever expect in Greenwood, and the hiring process in November was quick and smooth. Recognizing that many potential workers like Harris are in rural Mississippi and Arkansas, FedEx has started holding "Hiring Blitz" and drive-through job fairs, offering one-stop hiring events where candidates can complete applications and undergo background checks, fingerprinting, and drug testing all in a single day. Job seekers sit at long tables lined with laptops and enter their information during these events, and if they are hired, they commute to the Memphis metropolitan area on the company-sponsored free bus.[2] FedEx also offers various shuttle services to accommodate employees living in and near Memphis. These easy hiring processes and free transit are recent additions to its "people" strategies aimed at recruiting individuals without cars. However, the continuation of such employer-initiated programs is not assured. For example, in August 2024, FedEx discontinued the free bus service for Memphis-area employees that had started during the COVID-19 pandemic. Workers who lost transportation to the hub found themselves stranded, but they lacked a legally enforceable way to communicate their grievances to management.[3]

For the past fifty years, FedEx has responded flexibly to the busy schedules of people like the fictional business manager played by John Moschitta in the 1981 commercial. The company paved the way for the express delivery industry and helped normalize the consumer experience

[2] Ziobro, "FedEx Goes Deep"; Garland, "With 4-Hour Round Trip"; "New Work Force Transportation Project Comes To Indianola," *Delta News TV*, August 6, 2020, deltanews.tv/news/new-work-force-transportation-project-comes-to-indianola/article_41d0ac06-d763-11ea-959e-af87cd0cab04.html.

[3] Brian Didlake, "FedEx faces backlash after ending 'Get a Free Ride to Work' program," *News Channel 3,* June 24, 2024, wreg.com/news/fedex-faces-backlash-after-ending-get-a-free-ride-to-work-program/.

of receiving packages quickly and on time. However, to achieve operational flexibility, workers like Mary Harris lose flexibility in their lives. Inequality over the experience of flexibility has emerged and widened between workers, businesses, and their clients. Unions, which could have alleviated the process by standing in between through collective bargaining, are mostly absent at FedEx. The fight against unions in the highly unionized transportation industry was indeed critical, shaping the culture and operations of FedEx.

This corporate history shows how inequality in the twenty-first century deepens as businesses increase their focus on flexibility. Corporate management aimed to attain fast, efficient logistics by shaping workers' mindsets, who sometimes actively engaged with these top-down efforts but at other times rejected them. In the 1970s, a military-inspired corporate culture emphasized camaraderie as a key to success, especially amid deregulation politics. Many frontline workers, whose unstable nighttime labor supported express operations, did not buy into this idea and turned to unionism to improve their conditions and wages, only to be suppressed by higher management. As deregulation fueled growth and employment expansion, managers began emphasizing the concept of "people," a term that was inclusive and vague enough to foster loyalty among diverse workers. Some of those workers entered corporate America for the first time in the age of equal employment opportunity and strove to flourish in the still white, male-dominant environment by adopting the people ideology designed to "avoid" union organizing. In fact, many Federal Express workers viewed its employee programs as effective means of maintaining good working conditions, although some began expressing dissatisfaction through union organizing efforts in the 1990s. FedEx kept unions at bay throughout the 1990s, thereby facilitating the easy replacement of permanent positions with temporary contract labor in the 2000s. The company accelerated its use of temporal rhetoric to attract and retain workers, while

concealing the reality of precarity amid economic competition. Today, the labor of people who can and are willing to take irregular shifts and arrangements amid expanding inequality supports the flexible delivery service. FedEx achieved the speed of its service by sustaining full control of its operations and strategically integrating workers into the system without independent representation.

By tracing the history of FedEx, this dissertation has revealed that businesses' and workers' obsession with the productive use of time is not an automatic feature of capitalist society but an outcome of a historical process in which businesses promoted the temporal experience of efficiency as a product. As U.S. consumers shopping on online marketplaces like Amazon regularly see phrases such as "next-day delivery" and "free shipping," the expectation of receiving items promptly and on time has become normalized in people's daily lives. In this "world on time," companies encourage workers with economic needs to use their time outside the conventional full-time employment framework by engaging in wage labor between other obligations. This structure pushes individuals to evaluate their schedules in economic terms, and the only way to improve their situation is to work more efficiently in the market, viewing their life as a business they own. By transferring responsibility for one's economic fate to individuals, it preserves racial and gender-based inequality while intensifying the economic divide inherited from earlier periods.

FedEx's fight against unions continues as long as workers demand representation. Subsidiary FedEx Freight, which directly employed drivers, faced unionization efforts by the Teamsters in the mid-2010s. In 2014 and 2015, 222 drivers in Charlotte, North Carolina; 113 drivers in South Brunswick, New Jersey; 47 drivers in Croydon, Pennsylvania; and drivers in

Stockton, California, voted to join the Teamster locals in each area.[4] However, these victories came after the company delayed, disrupted, and rejected the results of union elections in other regions across the nation. FedEx reportedly paid $837,000 to antiunion consultants between 2014 and 2018, and their union-avoidance efforts have resulted not only in the maintenance of nonunion status but also in the decertification of existing unions.[5] The once-organized drivers in Charlotte and Croydon voted to decertify the union in 2017, and the Teamsters also voluntarily ceded its representation in South Brunswick after the company continuously challenged the election result in court.[6]

FedEx has also continued to take advantage of a loophole in American labor law to prevent its employees from unionizing in the overnight sector. The company claims its subsidiary FedEx Express is an airline, unlike FedEx Freight and FedEx Ground, and thus should fall under the jurisdiction of the Railway Labor Act instead of the National Labor Relations Act. The RLA requires unions to organize all workers nationwide in the company, which would be substantially more difficult than organizing a single warehouse or a terminal. To maintain its status as an airline, FedEx vigorously fought a political campaign in 2009 to prevent the passage of a measure that would change the Railway Labor Act's coverage and make it easier for the Teamsters to organize its drivers. United Parcel Service, organized by the Teamsters under the National Labor Relations Act, lobbied for the change, and FedEx criticized its rival for using "its

[4] *FedEx Freight, Inc.,* NLRB Case 10-RC-136185 (2014); *FedEx Freight, Inc.*, NRLB Case 22-RC-134873 (2014); *FedEx Freight, Inc.,* NLRB Case 04-RC-134614 (2014); *FedEx Freight, Inc.,* NLRB Case 32-RC-144041 (2015).

[5] Celine McNicholas, Margaret Poydock, Julia Wolfe, Ben Zipperer, Gordon Lafer, and Lola Loustaunau, *Unlawful: U.S. Employers are Charged with Violating Federal Law in 41.5% of All Union Election Campaigns* (Economic Policy Institute, 2019), 22.

[6] *FedEx Freight, Inc.,* NLRB 10-RD-200831 (2017); *FedEx Freight, Inc.,* NLRB Case 04-RD-200816 (2017); *FedEx Freight, Inc.,* NLRB Case 22-CA-146653 (2015).

political clout to get a bailout from the U.S. Congress," calling the proposed change "Brown Bailout." The company's resistance went so far as to threaten to cancel contracts for $10 billion in U.S.-made planes if Congress passed the bill, a move that prompted Teamsters president James Hoffa to say, "Fred Smith and FedEx breed a culture of arrogance." In response, the company's spokesman, Maury Lane, called the comment "dishonest and irresponsible political rhetoric."[7] From management principles to operational planning, antiunionism has shaped FedEx's logistics network throughout its fifty-year history. Although it has taken various forms across eras, antiunion culture has provided FedEx with a crucial competitive advantage in the rapidly growing shipping industry.

The logistics industry has continued to grow and expand its impact on the global economy, a phenomenon that unions and workers have become well aware of.[8] Labor activists and scholars see the logistics industry as a key target, just as manufacturers were in the 1930s. Benjamin Fong has identified "Amazon and Walmart" as the "biggest fish to fry," but also recognized "most of the other large employers in the country, including FedEx, Home Depot, Target, Kroger, and Lowe's have built up their own highly efficient logistical capacities." Organizing these companies in logistics, Fong suggests, would lead to a "true labor upsurge" in the twenty-first century.[9] To maximize their organizing power within the myriad logistics networks, unions have adopted a strategy of targeting logistics nodes, such as distribution

[7] Wayne Risher, "$10 billion Threat: FedEx Warns Lawmakers over Union Legislation," *Commercial Appeal,* March 24, 2009; Bartholomew Sullivan, "FedEx to Begin Campaign Against UPS, Legislative Measure," *The Commercial Appeal,* June 8, 2009.

[8] Jake Alimahomed-Wilson and Immanuel Ness, ed., *Choke Points: Logistics Workers Disrupting the Global Supply Chain* (Pluto Press, 2018).

[9] Benjamin Y. Fong, "Organizing Logistics Chokepoints: Hitting Them Where It Hurts," *New Labor Forum,* May 14, 2025 https://newlaborforum.cuny.edu/2025/05/14/organizing-logistics-chokepoints-hitting-them-where-it-hurts/.

centers, to disrupt supply chain flows. For example, Warehouse Workers for Justice, founded in 2008 by the United Electrical Workers, has organized logistics workers, including many at Walmart, in northern Illinois, where warehouses are heavily concentrated. In 2022, Amazon workers at a fulfillment center on Staten Island, New York, voted to form the first Amazon union in the U.S. Workers at DHL and Amazon KCVG air cargo hub, located at the Cincinnati/Northern Kentucky International Airport, have been trying to organize the workplace, and successfully unionized DHL rump, tug, and sort workers.[10] However, as the last chapter of this dissertation has demonstrated, companies often spread out their logistics operations among smaller contractors, both corporate and individual, making unionization more difficult. Although activists and scholars suggest different strategies, from focusing on "choke points" to "networking" within integrated logistics systems, American unions are still struggling to find a way to spark a dramatic labor resurgence.

This dissertation has demonstrated that the system of American labor law, while providing crucial legal protections for workers, does not necessarily encourage union formation. American employers have readily exploited legal loopholes in regulations and use the law to make unionization rather difficult. As labor historian David Brody lamented that "the representation election is the instrument by which labor's enemies have hijacked the law," the centrality of representation elections in union organizing provides American employers with ample room to aggressively intervene and gives paternalistic management leverage.[11] It should

[10] Olivia Evans, "After Union Win at UPS, Teamsters Set Sights on a Major Northern Kentucky Employers," *Courier Journal,* September 19, 2024. https://www.courier-journal.com/story/money/companies/2024/09/19/after-union-win-at-ups-teamsters-focus-on-northern-ky-dhl-and-amazon/74827469007/

[11] David Brody, "Labor vs. the Law: How the Wagner Act Became a Management Tool," *New Labor Forum* 13, no. 1: 8–16.

be emphasized that the majority recognition is nonexistent in continental Europe. Workers in these countries have almost automatic rights to union representation and collective bargaining when employed, making it meaningless for employers to campaign against the formation or presence of a union. Similarly, in Japan, the right to collective bargaining can be established without the employer's or the government's recognition if two or more workers in the workplace agree to form a union. In these countries, employers can be antiunion in the sense that they oppose unions' demands during bargaining, but their labor laws provide little room for employers to oppose a union's presence per se. In contrast, American workers only have the right to *attempt* to form a union.

Recent research indicates that American workers, particularly people of color and those with low incomes, are willing to join unions, yet unions are often absent from their workplaces. Forming a union requires substantial time and effort, thereby giving employers an advantage.[12] The unusual level of American employers' antiunionism, as described in this dissertation, is not just an ideological expression of capitalists seeking to maintain control over their businesses, but also a result of a weak legal framework that enabled and fueled their ideological commitment. However, some progress was made in encouraging unionization in the private sector during the Biden administration. In 2023, the NLRB ruled that Amazon is a joint employer of its contract drivers, establishing a workable joint-employer standard.[13] In the same year, the Board also issued a decision in *Cemex Construction Materials Pacific, LLC*, which created a new, more

[12] Thomas A. Kochan, Duanyi Yang, William T. Kimball, Erin L. Kelly, "Worker Voice in America: Is There a Gap between What Workers Expect and What They Experience?," ILR Review 72, no. 1 (2019): 19-24.

[13] Caroline O'Donovan, "Federal labor regulator says delivery drivers are Amazon employees," *Washington Post,* August 22, 2024.

labor-friendly framework for union recognition.[14] Nonetheless, the fact that neither the Wagner Act of 1935 nor the Taft-Hartley Act of 1947 reflects the "new realities of work," in the words of Katherine Stone, still holds true today.[15] As labor historian Joseph McCartin summarized in 2017, "it seems that a consensus has taken shape around the idea that the NLRA has fallen into an irreparable state."[16] McCartin reiterated his lament in 2025 when he wrote, "workers should no longer hope for relief from the NLRA."[17] Unions in the U.S. are required to fight with tools that are much weaker than their counterparts in other advanced economies, despite workers' willingness to join them. Scholars often describe American labor-management relations as "contentious," and this is partially because the law is designed to make union formation itself more of a challenge from the bottom up, rather than a basic right of workers.

When the legal environment treats unions as an extra that can be gained only after a series of struggles, rather than as a fundamental part of one's work experience, the role of unions in society also becomes uncertain. This dissertation has shown that paternalistic management can be effective, as FedEx workers did not always feel the "necessity" of unions. Workers do not act according to the theory of class struggle; instead, they sometimes choose to cooperate with

[14] The decision required an employer, once receiving a union's request to be recognized, to recognize the union as a bargaining representative or to file a petition for a secret-ballot election to challenge the union's claim of majority support. Moreover, if the employer refuses to voluntarily recognize and bargain with the union and later commits unfair labor practices, the NLRB can order the employer to recognize and bargain with the union. Diana S. Reddy, "Relitigating the New Deal: The Stakes of Current Constitutional Challenges to the NLRB," *Labor: Studies in Working-Class History* 22, no. 1 (2025): 26-27.

[15] Katherine V. W. Stone, "Imagining a New Labor Law for a New Era of Work," *Labor: Studies in Working-Class History* 22, no. 1 (2017): 55-57.

[16] Joseph A. McCartin, "As Long as These Survives: Contemplating the Wagner Act after Eighty Years," *Labor: Studies in Working-Class History* 14, no. 2 (2017): 32.

[17] Joseph A. McCartin, "Milestone, Millstone, …Tombstone? The Ninety-Year Life Cycle of the National Labor Relations Act," *Modern American History* 8, no. 3 (2025): 432.

management to secure better working conditions. When labor law places unions in an unstable position within society, workers exercise their agency not primarily through class-based collective actions but through the use of whatever tools available, including management-led programs. After all, working-class Americans during the 1930s stood up and organized themselves into unions, not so much for ideological reasons but because buying into employers' paternalism no longer seemed effective at the height of the economic disaster.[18] Workers do not see unions as an essential mechanism for worker representation within American capitalism. Instead, it remains just one of many options they could choose after careful consideration and calculation — probably the most time-consuming and labor-intensive one — and often a last resort for workers to protect themselves. In fact, Joe Carney, chairman of the UAW's FedEx organizing committee, said during the 1995 campaign, "It's like working two full-time jobs," in his discussion of the movement's intensity.[19] In such an environment, persuading workers at a paternalistic company that they "need" a union is nearly impossible.

Although interest in unionization is increasing in the U.S., the outlook is not promising. The unionization rate continues to fall, and employers' opposition to unions remains aggressive. The fissuring of the workplace affects various areas of society, from academia to logistics, and fewer people today can rely on stable, permanent, regular employment while being exposed to workplace hazards and economic instability. The situation of unions is dire as the current political climate under the Trump administration makes more workers, especially immigrants,

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[18] Lizabeth Cohen, *Making a New Deal" Industrial Workers in Chicago, 1919-1939* (Cambridge University Press, 1990), 209, 246, 249; David Brody, "The Rise and Decline of Welfare Capitalism," in Brody, *Workers in Industrial America: Essays on the 20th Century Struggle* (Oxford University Press, 1980), 78; Sanford Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (Princeton University Press, 1997), 32, 33, 51.

[19] Marc Duvoisin, "Labor of Love," *The Philadelphia Inquirer,* May 7, 1995, 18.

severely vulnerable, urgently necessitating their protection. While President Trump undermined the NLRB's role by terminating both Gwynne Wilcox, the first and only Black woman to serve on the board, and general counsel Jennifer Abruzzo in January 2025, large corporations have been challenging the agency's constitutionality itself.[20] Since the American labor movement cannot expect the courts and Congress to dramatically change the situation, at least in the near future, the need for grassroots organizing is particularly acute. The future is not entirely hopeless. For example, workers at Starbucks, a Seattle-based company known for its liberal outlook and employee-friendly environment, have been engaged in an impressive nationwide organizing campaign in recent years. If American workers expect labor unions to play a central role in ensuring fair employment and higher wages in the twenty-first century, activists should consider the broader social, legal, and economic structures within which unions have operated over the past fifty years. The ninety-year-old New Deal framework has fallen far behind the economic and social realities of this country, while capitalists have continued to innovate new business techniques and cultural appeals to preserve the old structure of economic inequality. Unions need to present a social vision strong enough to persuade workers that they need a system independent from management to let their voices be heard and rules enforced.

FedEx's people-first approach continues to adapt with changing outlooks today. FedEx evaluates the types of workers available to sustain its nonunion, flexible workplace and customizes the content of the people-first package accordingly, maintaining its reputation as a progressive employer. It currently targets workers in the rural Mississippi Delta, where the unemployment rate is high. For example, 51-year-old Andrea Anderson was unemployed for

[20] Firms arguing that the NLRB is unconstitutional since 2024 include SpaceX, Amazon, Starbucks, and Trader Joe's. Diana S. Reddy, "Relitigating the New Deal: The Stakes of Current Constitutional Challenges to the NLRB," *Labor: Studies in Working-Class History* 22, no.1: (24-35).

nearly 20 years until she attended a FedEx job fair in Cleveland, Mississippi. She describes her difficult past by saying, "I was laying around depressed, doing things I shouldn't be doing — I don't want to speak about that." When she secured a job at FedEx, she saw a sign of hope, as if "I got a second chance at life to start over."[21] Mary Harris, the package handler from Greenwood, Mississippi, shares a similar gratitude toward FedEx. One year after starting at the hub, she told a reporter for *The Wall Street Journal* that the company "helped so many people get out of their rut." The job, the relatively high hourly wage of $13.26, and the benefits transformed her life after years of living in friends' houses and a shelter.[22]

The highly motivated employees who love their employer so much that they believe they do not need a union are FedEx's hallmark. Today, FedEx workers from the rural South work diligently to advance within the company. Recruits from Memphis, where job opportunities are plentiful, often quit after a day or two because of the intense nature of the work, but these workers from the Mississippi Delta are different. They are determined to keep pace with the fast-moving environment, stick with the job even if it is tough, and work hard to improve their lives, as Mary Harris says, "It is in my blood to work hard for what I need and want." Behind their high motivation lies the harsh reality of poverty in rural Mississippi. While their emphasis on self-motivation and hard work might resemble that of the company's founders and early managers, it comes from a strikingly different background. The college-educated young men who just returned from Vietnam wanted to prove their talents and ambitions to the world. For these FedEx package handlers, finding steady work and gaining economic independence is so difficult that, as Pam Chatman, an African American Mississippian involved in launching the bus

[21] Garland, "With 4-Hour Round Trip," *The Commercial Appeal.*

[22] Ziobro, "FedEx Goes Deep," *The Wall Street Journal.*

program, describes, "[T]hey go to work every night happy."[23] Mary Harris is one of those workers. In December 2019, she told the WSJ reporter that she was taking on more shifts. Less than a month had passed since a container killed Duntate Young, the 23-year-old African American worker at the hub. Harris shared her dream of someday moving up in the "people" company. Even her 21-year-old son had started working there. "I thought FedEx was a godsend," she said.[24]

[23] Garland, "With 4-Hour Round Trip."

[24] Ziobro, "FedEx Goes Deep."

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