DOCUMENT RESUME

ED 255 434
AUTHOR Marshall, Ray; Rungeling, Brian
INSTITUTION Joint Council on Economic Education, New York, N.Y.
PUB DATE 85
NOTE 183p.
AVAILABLE FROM Joint Council on Economic Education, 2 Park Ave., New York, NY 10016 (JCEE Checklist No. 337, $8.00).
PUB TYPE Guides - Classroom Use - Guides (For Teachers) (052)
EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS Arbitration; Collective Bargaining; Economic Factors; *Economics Education; Futures (of Society); Labor Demands; Labor Problems; Labor Relations; Resource Materials; Secondary Education; *Unions; United States History; Work Environment

ABSTRACT Intended as a resource for secondary teachers, this book analyzes the role of unions in the American economy and examines the main forces influencing unions in the United States. This second edition includes important domestic and external events that have affected U.S. economic policy and unions since the first edition was published in 1976. There are eight chapters. The first chapter presents the basic rationale for the emergence of labor movements in response to the labor problems created by industrial societies. The origin of labor movements and the history of the American labor movement are dealt with in chapters 2 and 3. The next two chapters explore the relationship between unions and the economy. Major problems facing labor unions, such as organizing, collective bargaining, and dispute settlement, are examined in chapters 6 and 7. The concluding chapter discusses the role of unions in the 1980's. The appendix contains the names of major U.S. unions. (RM)
SECOND EDITION

JOINT COUNCIL ON ECONOMIC EDUCATION

JOEE Checklist No. 337
THE ROLE OF UNIONS IN THE AMERICAN ECONOMY
SECOND EDITION
BY
RAY MARSHALL & BRIAN RUNGELING

JOINT COUNCIL ON ECONOMIC EDUCATION
JCEE Checklist No. 337
ABOUT THE AUTHORS

RAY MARSHALL was U.S. Secretary of Labor in the Carter administration. At present he is Bernard Rapoport Centennial Professor of Economics and Public Affairs at the University of Texas at Austin. BRIAN RUNGELEING is professor of economics and chairman of the department at the University of Central Florida in Orlando.

The Joint Council on Economic Education is extremely grateful to the members of its Publications Committee who reviewed the manuscript of this volume. However, responsibility for the published version rests with the authors and publisher.

1976, 1985 Joint Council on Economic Education
2 Park Avenue, New York, New York 10016
All rights reserved.


Director of Publications: Lawrence A. Mayer
Associate Director: Ester Moskowitz
A veteran labor leader, Walter G. Davis (1920–1984) was also a staunch supporter of economic education. For nearly a quarter of a century, beginning in 1967, he served the Joint Council as a trustee. He became a member of the Executive Committee in 1975 and was a Vice Chairman from 1975 to 1980. Mr. Davis’s association with the JCEE is an outstanding example of the bipartisan commitment to economic education that has been the hallmark of the Joint Council since its inception. Dedication of this new edition of *The Role of Unions in the American Economy* to him is especially fitting, for it was his determination and leadership that made possible the first edition of this publication.
Walter G. Davis
Preface to Second Edition ix
Preface to First Edition xi

1. Introduction: Unions and Labor Movements 1
2. The Origin of Labor Movements 5
3. History of the American Labor Movement 17
4. Unions and the Economy—The Broad View 54
5. Economic Impact of the Union on Firms and Workers 67
6. Contemporary Union Problems: Organizing, Collective Bargaining, Dispute Settlement 83
7. Other Problems of American Unions 108
8. The Role of Unions in the 1980s 158

Appendix 169
Preface to the Second Edition

The first edition of *The Role of Unions in the American Economy* was published in 1976, just before one of the authors, Ray Marshall, was appointed Secretary of Labor in President Carter's administration, in which he served from 1977 to 1981. The book went into a second printing in 1979 and was translated abroad into French, Chinese, Japanese, and Portuguese in the late 1970s and early 1980s.

About nine years have gone by since the first edition was actually written, and it is time for an updating because a number of important domestic and external events have meanwhile affected U.S. economic policy and unions. The election of Ronald Reagan as president touched off possibly the most drastic shift in economic policy—certainly in economic philosophy—in nearly fifty years. And the Reagan presidency soon ran into a severe economic recession. Although a recovery was underway by early 1983, the impact of this recession both on organized labor and on all workers in the United States was severe. Monthly unemployment rates in 1982 were the highest since the 1930s—a time when the economy was still in the Great Depression or trying to emerge from it. As discussed in both the present and the first edition of this book, recessions and depressions tend to greatly restrict the growth of union membership and finances. Consequently, unions have recently been struggling to survive. Workers were also affected by U.S. efforts to retain its external markets in the ever more competitive world economy of the 1980s.

This edition incorporates the essential features of the earlier one, and attempts to cover and analyze the major events affecting unions since the publication of the original version. This version also benefits from the practical experience of a Secretary of Labor attempting to shape and put into practice economic policy affecting all human resources—both union and nonunion. We also examine the interaction between economic policy and unions (in a new chapter—Chapter 4) as well as the impact that unions, in turn, have on the economy (in another new chapter—Chapter 5).

Other specific changes or additions include updated material on union membership, size, finances (Chapter 3); an expanded section on certification as well as the inclusion of decertification data (Chapter 6); also in Chapter 6, new material on the views of workers about unions and updated material on strikes; a new section on the Occupational Safety and Health Act (OSHA); and a discussion of participative management (including worker participation and quality circles). A section
on the effects of the growing internationalization of the economy appears at the end of Chapter 7. In addition, we have rewritten a number of passages in Chapter 7 as well as throughout the text.

Our ultimate goal in this new edition has been to continue to carry out the objectives specified in the preface to the original. We hope that this version will serve to improve the understanding of unions by all who seek to learn.

Finally, we wish to thank Lawrence A. Mayer, director of publications of the Joint Council on Economic Education for many useful suggestions offered during the preparation of this edition. We also extend thanks to those associated with the word processing unit of the College of Business Administration of the University of Central Florida for their work on the first draft.

Summer 1984

RAY MARSHALL
BRIAN RUNGELING
Preface to the First Edition

In one way or another, we are all affected by labor unions. The young person preparing to enter the labor force will have to decide whether or not to join a union, and which union to join—if he or she decides to join at all. The person entering business either as an owner or in some sort of managerial position will probably have to deal with at least one union, and perhaps with several. As consumers and citizens, we are affected by union problems. When strikes occur, we are often forced to take sides, whether we like it or not. Is there a union picket line at the entrance of the store you intend to enter? If you cross the picket line and buy goods in that store, many will feel that you have taken sides with management against the striking workers. If you refuse to cross the picket line, you can be seen as having sided with the union.

As a voting citizen, you may be called upon to vote on issues relating to unions. Candidates for public office will favor or oppose stronger controls over union activities. They may also favor or oppose such things as higher minimum wages, a special minimum wage for teenagers, more unemployment insurance benefits—and these are issues that could affect you personally. Your representative in Congress or the state legislature may send you a questionnaire in the future asking for your opinions on such matters.

Your concern about unions should go far beyond your feelings when you are inconvenienced by a strike or when your own union (if you are a union member) is involved in wage negotiations. Are you in favor of the policies of American unions when they try to bring about social changes? Do you understand what they are trying to do? Do you favor the means by which they achieve these goals? How will you personally be affected if they are successful? How will society as a whole be affected? Although this book will not answer all of these questions for you—only you can answer some of them—it will help to give you a knowledge of the labor movement that will aid you in making important choices and decisions.

Young people are as much concerned with the economy today as are adults. During the serious recession of the mid-1970's, for example, the rate of unemployment among teenagers was many times higher than that for adult workers. Even in good times, when the economy is strong and prosperous, the unemployment rate for young people is often distressingly high. What are unions trying to do about this problem? Do you think their approach to the problem is the best?

Most people hear about unions only when there is a strike or when violence involving workers occurs. American history is full of stories of
great strikes, battles between workers and troops, and even murders in which unions were somehow involved. The newspapers stress stories of corruption in labor organizations or the well-publicized disappearance of a famous union leader. But unions do not spend most of their time striking. In fact, for every strike there are many, many peaceful settlements of differences between unions and management. Corruption is the exception, not the rule, in unions. Perhaps the daily routines of union business are not so dramatic or exciting, but these are the things that will affect us most, and these are the issues and problems discussed in this book.

Although many readers undoubtedly will consider the treatment of the American labor movement presented in this book to be biased either for or against unions, the authors have attempted to be objective in their treatment of this important subject. We nevertheless realize that complete objectivity with such an emotional subject is not possible and that writers' biases will inevitably influence their work. We therefore believe it important for writers to reveal their biases to the reader at the outset rather than to subtly inflict those biases on the reader. Our biases with respect to unions are:

1. We are convinced, for reasons we hope will be made very clear in the following pages, that unions and other labor organizations are necessary to the effective workings of a democratic society. Labor organizations provide workers with the means to promote their interests in a democratic society. We do not believe impersonal labor markets, employers, governments, or any other organizations can or will effectively protect the interests of workers at the work place or in the larger society.

2. We also believe the basic policy of the United States with respect to collective bargaining to be sound, although very difficult to carry out in practice. That policy is that workers have the right to organize and bargain collectively through representatives of their own choosing; they also have the right to refuse to join unions if they do not wish to do so.

3. Our belief that labor organizations are necessary to a democratic society and that workers should have the right freely to decide whether they want a union to represent them, or which union they want to represent them does not mean that we condone the actions of existing labor organizations or that there are no problems with American unions. There are a great variety of labor organizations in the United States with diverse powers, motives and impact on our system. Some of these are led by selfish, corrupt and greedy people, just as there are selfish, corrupt or greedy businessmen. Clearly, corruption by union leaders must be dealt with in the same way as corruption in other organizations.
Unfortunately, however, some of the problems discussed in this book are not due to the personal attributes of union leaders or employers but are inherent in the system. These problems come about because there are no perfect solutions to a lot of social problems in the sense that everyone will be satisfied with the outcome. Perfect solutions are not possible because of conflicting interests within the system and because the solution of one problem often leads to others. An example of the conflict, once we accept the principle of voluntary collective bargaining, "What do we do about the case of workers who have religious or other objections to collective bargaining in a bargaining unit where a majority of the employees have elected a union to represent them? How do we protect the interests of the minority in this case? Should they be required to join the union chosen by the majority? If they are allowed to benefit from collective bargaining without supporting the union with their dues and membership, will this weaken the union and destroy collective bargaining by increasing the number of so-called 'Free riders'?

On a broader scale, once we accept collective bargaining what do we do about strikes that might do great damage to the system? If strikes are prohibited, can we still have collective bargaining? What do we do if we feel that free collective bargaining and free price setting by the forces of demand and supply cause intolerable levels of inflation? Some would regulate wages and prices, but others argue that these regulations will destroy collective bargaining and the free enterprise system.

These questions are neither isolated examples nor easy to answer. We live in a complicated world where solutions to problems are not easy. Even imperfect solutions require a lot of understanding and the exercise of judgment in making decisions. We do not presume to supply answers in this book, but we do hope it will help readers to understand the basic nature of the American labor movement and improve the quality of the judgments they inevitably will be forced to make about it.

Thanksgiving 1975

RAY MARSHALL
BRIAN RUNGELEIN
Introduction: Unions and Labor Movements

The main purpose of this volume is to analyze the role of unions in the American economy and to examine the main forces influencing unions in the United States, often by contrasting American experiences with those of other countries. This chapter presents the basic rationale for the emergence of labor movements in response to the labor problems created by industrial societies. The next two chapters outline the history of the American labor movement and are followed by two chapters which explore the relationship between unions and the economy. The next two chapters and the last one discuss some of the major problems confronting the American labor movement and those factors that probably will shape the American labor movement into the twenty-first century.

Unions and Industrialization

Although unions, or organizations to note and protect the interest of the workers, existed in preindustrial times, labor movements are products of the Industrial Revolution. This is true because workers' organizations of preindustrial times were isolated from each other, often included non-working-class people, and were not collective-bargaining organizations.

As will be seen more fully in Chapter 2, every industrial society has certain characteristics that have created problems for workers. These problems are closely related to dependence on the labor market to earn a living. In preindustrial times people were more nearly self-sufficient and therefore were not as dependent on wages. The market makes specialization and greater output possible, but creates problems for workers when they are unable to work because no jobs are available or because of sickness, injury, age, or discrimination.

Complex industrial producing units also require rules governing such matters as starting times, who will work which shift, lines of authority, rates of pay, who will get which jobs, how workers will be laid off if they are no longer needed, grievance procedures, and many other considerations. In the absence of unions and collective bargaining, employers make these decisions unilaterally. But
unilateral decision-making creates an additional element of insecurity for workers who are dependent on jobs to support their families and themselves. How can workers be sure that the employers’ interest in making profits will protect them from arbitrary decisions during both good and bad times? For example, workers who have been employed twenty or thirty years would have no job protection if employers preferred younger workers. Similarly, a worker who objects to an arbitrary decision by a supervisor could be unilaterally discharged unless that worker had some means of job protection. It is easy to see that such arbitrary treatment by employers could cause many employees to work “scared and hard” in order to retain their jobs.

There are conflicts between workers’ and employers’ interests over such matters as how workers should be trained. It is more profitable for employers to train workers in narrow specialties because training time is shorter and the costs of training are lower. However, specialization might not be in the worker’s or society’s best interests. Craftsmen who can perform several jobs and adapt to new situations better than specialists are likely to have greater job protection. If a machine is invented to replace specialists, specialists might become unemployed whereas well-rounded craftsmen could move to other jobs more readily. Computerization and the growing internationalization of markets have increased and speeded up the amount of change in jobs and job conditions.

It is important to emphasize, however, that some of the job insecurity of workers in a competitive market is caused by the system and may have very little to do with the attitudes of particular employers. Particular employers ordinarily will be strongly motivated to treat workers fairly and to give them as much job security as possible, but are themselves limited by the constraints of competitive markets and the widely accepted desire to maximize profits. Employers, therefore, will tend to keep wages as low as the labor market will permit, keep personnel and training costs as low as possible, and elicit as much productivity as possible from workers.

Assuring each firm’s ability to compete is in the workers’ interest, because workers obviously also are interested in their employers’ economic viability—which in part hinges on worker productivity. However, the requirements of competitive markets also create job insecurity for workers because all become subject to competitive forces over which they have little control, and employers interested in the welfare of their workers must compete with others who might be less interested in their workers’ long-term well-being.

Competitive markets are often governed by short-run profits and efficiency and do not necessarily protect either the short-run or long-run interests of workers. In the long run, for example, it is in the workers’ and society’s interest that wages be high enough to protect
the health of workers and their families and to provide training and education for workers and their families in keeping with their interests and abilities. However, on the one hand short-run competitive market requirements might produce wages too low to make these long-run objectives possible. On the other hand, wages might be pushed above levels employers will or can pay, thus resulting in unemployment.

Organization: A Response to Industrial Problems

In order to shield their interests from these market forces, workers have formed organizations for collective-bargaining purposes as well as to promote workers' concerns in political and social affairs outside the workplace. Unions and collective bargaining create problems for workers, employers and the public in democratic societies, but they also produce benefits. Indeed, as we will see later, the evidence suggests that unions and collective bargaining are necessary to the preservation of democratic societies.

Collective bargaining has demonstrated its effectiveness as a good way to make rules governing wages, hours, and working conditions in many circumstances. The rules so developed are compromises between the interests of employers and workers and, therefore, encourage observance by both sides. Moreover, the rules tend to fit particular conditions, since workers and employers familiar with the circumstances make these rules and can enforce them in a flexible manner.

Although employers usually resist collective bargaining because it threatens their control, most employers who bargain with labor organizations admit that collective bargaining offers benefits as well as problems for management. Collective-bargaining contracts provide employers with security about wages and working conditions during the period of the collective agreement. Security in labor matters permits employers to devote more attention to other matters. Unions also may aid employers with such important personnel matters as helping to recruit and train workers; participating in decisions to introduce new methods, thereby making those methods more acceptable to workers; and providing grievance procedures to give employers more reliable information than they otherwise would have about the problems and concerns of their workers. In a larger sense, employers in democratic societies recognize effective unions and collective bargaining as forces that help to stabilize political, social, and economic conditions. Labor organizations that effectively protect and promote the workers' interests within a given social order are powerful forces for the preservation of that order. If workers cannot solve their problems within a given system, they are inclined to support leaders and movements to change the system.
Although labor movements have emerged as necessary components of democratic societies, they also create problems for those societies and, as products of their particular environments, they differ from place to place. In the United States, for reasons to be explored more fully in Chapter 2, the labor movement is composed mainly of unions which emphasize collective bargaining (often referred to as economic labor movements), while unions in other countries make greater use of labor political parties (often referred to as political labor movements). Labor movements everywhere have political as well as economic objectives, but the relative emphasis on political objectives varies with time, place, and circumstances. Labor movements emphasizing political parties tend to have class interests that need to be represented by class-oriented political movements. Because of the importance of government in industrial affairs, workers who are denied political participation will give greater weight to political matters, while those, like American workers, whose right to political participation was relatively secure at an early date, assign higher priority to improving conditions in the workplace.

To summarize, a labor movement (which should be distinguished from a geographically isolated labor organization) is a response to problems created by a system emerging from industrialization. The nature of a labor movement varies according to time, place, and circumstances, but social stability in a democratic society requires workers to have some means of participating in decisions both at the workplace and in the larger society.
Labor movements arise primarily as the result of the technological, social, political, and economic changes associated with industrialization. Industrialization can be defined as the application of power to machinery; at first, it was simple and meant applying steam power to machines in order to accomplish simple tasks. Later, more sophistication and improved technology resulted in a wider application of the term to include the use of other energy sources and such systems as automation and cybernation (application of computers to a process, as on manufacturing assembly lines). Therefore, industrialization is also sometimes defined as an important change in the available types and methods of using power-driven machines.

The economic and ideological objectives of labor movements reflect the changes brought about by industrialization. Various institutions—such as political parties, cooperative societies, cultural organizations, and trade unions—are the vehicles used to achieve these objectives. The labor movement in the United States is basically an economic one, and although it pursues many social objectives, often little more than trade unionism is practiced. European labor movements in general have much broader and wider objectives—political and social—as well as economic ones.

Nature of Industrialism

Industrialism is one of the world's most revolutionary (usually in a peaceful sense) and universal changes. It has been, or will be, experienced by all but the most primitive societies. However, changes in social institutions accompanying industrialization vary with time and place depending upon the particular conditions in the society undergoing change.

For example, Great Britain was one of the first countries to industrialize rapidly during the latter part of the eighteenth century. Rapid industrialization then followed in France and the United States during the first half of the nineteenth century. Industrialization began in about the middle of the nineteenth century in Germany and in the last
quarter of that century in Sweden and Japan; since that time it has occurred in many other parts of the world. Industrialization is so encompassing that many social scientists conclude "the world is entering a new age—the age of total industrialization" [1, p. 1]. These same scholars also note that an industrial society requires a variety of skills and professional abilities in order to have a dynamic and rapidly changing technology. Industrial societies must be open or "free" societies—societies which are "inconsistent with the assignment of managers or workers to occupation or to jobs by traditional castes, racial groups, sex, or family status" [1, p. 1]. Such societies emphasize increased amounts of education in an educational system that trains individuals in the skills needed for a society's technology. Skill requirements constantly change as new technological needs arise as a result of the dynamic nature of the Industrial Revolution.

The complexities of industrial societies give rise to thousands and thousands of occupations. Each requires different levels of skill and education. Such educational and skill training requires a considerable investment of funds and of the time of individuals, private organizations, and governments.

**Characteristics of Industrialized Societies**

A number of common factors have tended to accompany the industrializing process wherever it occurs; for example, the spread of common technologies narrows the differences between regions and countries. Since the Civil War, industrialization has contributed to a reduction of the political, economic, and social differences between the South and the rest of the United States. In addition to the tendency of countries to borrow technology from others, uniformity among countries and regions is produced by the interrelationship of recruitment, commitment, advancement, the provision of economic security, and the formation of capital as well as the conditions and activities that are usually associated with the development of an industrial labor force.

In many of the world's developing countries, recruitment or entry into the work force is not a serious problem, since there are labor surpluses from which a work force can be drawn. Recruitment in a more industrialized country may be more difficult and require expertise on the part of both the employer and the employee and perhaps the involvement of certain other institutions.

Once workers have been recruited the next step is commitment—getting workers to stay on the job. Commitment is usually impeded in preindustrial societies because many prospective workers are so
closely attached to their agricultural, tribal, or family backgrounds. The routine and discipline of reporting to work at a given time and place is a necessity of industrialization. Although commitment is weak at first, the passage of time and the reliance of the individual on a market economy (in which individuals with specialized occupations produce specialized goods for sale) ultimately lead to routine and discipline.

Another important part of industrialization is the process of advancement that usually comes about with the passage of time and training. Training is provided either on the job or through various types of educational systems. Educational systems must be flexible and capable of providing the wide variety of training and skills needed for an industrialized society. Vocational programs that previously generated the training and skills for an agricultural economy will be modified to fit the needs of an industrial society.

Preindustrial feudal society automatically took care of recruitment, commitment, and advancement (if any), as well as its own forms of economic security. In contrast, industrialization has liberated workers in market-oriented economies: they are relatively free to do any work they can find and prepare for. This is not to say that all have the means or capabilities to engage in certain occupations, but that if they have the desire and the means, they may attempt to do so. However, although freedom of choice may exist, in democratic free enterprise societies industrialization has led to dependence on the market economy and its attendant uncertainties. In industrial societies, many of the employment functions of the family and of preindustrial systems are replaced by a larger and more impersonal system of business enterprises. Consequently, new means of providing economic security and maintaining adequate income levels develop.

Providing economic security and speeding up the formation of capital are other important developments associated with industrialization. These are related because the degree of family security and the maintenance of its income to a large extent depends on the pace with which capital (in the sense of productive equipment) is formed. Industrializing countries need large amounts of machinery and equipment, much larger amounts than do preindustrial economies. The need for capital requires decisions—whether made by the market or, in dictatorial countries, by the authorities—to determine how much of the national product (the total amount of goods and services produced in the nation) will be devoted to capital formation and how much to consumption. The problem of consumption versus capital formation is likely to be very important in every country. While these are largely market decisions in democratic countries, in such countries the deci-
sessions may also depend on the influence of labor leaders, business managers, and people in government as they represent the interests of the groups for whom they speak and act.

**Problems of Workers in Industrialized Societies**

Industrialization has economic characteristics that tend to make it possible to produce large amounts of goods and services, but also cause some serious problems for workers. One of these characteristics is the emergence of mass production in large factories. Mass production usually involves large plants and assembly lines, and in our time, computerization and automation. The division of labor is a basic feature of all industrialized societies. In the division of labor, an individual learns only a specific skill or a specific function as opposed to producing the whole product. For example, an employee in a shoe factory will use a machine in order to perform a single operation, such as stitching or binding the heel, rather than make an entire shoe.

In industrial market economies, the market system, mainly through the interaction of supply and demand, decides what goods and services are to be produced and who will receive them. In nonmarket economies these decisions are mainly made by the state or government. All societies use some combination of market forces and government decision-making or regulating, but the proportions differ widely. Also common to all industrial economies is the greater interdependence that comes about largely because of specialization and reliance on markets. If each family were self-sufficient, there would be no need for trade. But when specialization takes place, domestic and international trade arises. Through the market the products of "specializers" are sold to other specializers who need those products.

Industrialized market societies in the United States and elsewhere have also experienced the emergence of political democracy along with free-market institutions such as unions and trade associations. Such institutions, along with whatever governmental actions take place, modify the operation of free markets in most countries which are governed by genuine representatives of the citizens. However, such modifications of the market do not prevent the occurrence of complex problems in industrialized economies.

The problems common to industrializing societies are not the same as those common to preindustrial societies. The business cycle, for

---

1 The business cycle (sometimes more popularly called the "boom and bust" cycle) is the tendency of industrialized economies to move from a period of prosperity to recession or depression and then back to prosperity again.
example, is a serious economic problem of modern times that did not exist in the same form before the Industrial Revolution. This is not to argue, of course, that preindustrial economies did not have droughts and famines that caused fluctuations in economic conditions. What these early economies did not experience, however, was production of more goods than could be sold at prices high enough to cover costs. Nor did they experience financial and other maladjustments that spread rapidly from one sector of the economy to another, resulting in general unemployment or inflation.

The small handicraft shops of preindustrial cities and towns often operated on a customer-order basis; goods were sold before they were made, making it unlikely that overproduction could occur. Goods today, by contrast, are largely mass-produced in anticipation of future sales. Since there is no guarantee that customers will want to buy as much as producers have produced, overproduction may occur.

In addition, in industrial economies producing units are much more interdependent than those of earlier economies. As specialization increases, it becomes necessary for people to resort to the market to sell the products of their specialized activities and to buy the goods and services they no longer produce for themselves. With improvements in transportation, communications, and administrative techniques, many firms grow larger and many markets become national or international in scope. Economic specialization is largely responsible for the economic progress of the last two centuries; one of the costs, however, is that maladjustments in one sector spread rapidly to others because of increased interdependence. Given a long enough period of time, market forces sometimes tend to be self-correcting, but in the short-run market forces can lead to depressions and widespread unemployment.

In order to understand the impact of depressions and unemployment, the role of labor in an industrial society needs to be traced. Industrial growth creates a need for an urban wage-earning class: thus workers in modern economies are dependent, in large measure on the existence of labor markets for their livelihoods. By contrast, in agricultural societies labor markets are relatively unimportant, since most workers are engaged in agriculture and cannot readily leave rural for urban jobs. Economic adversity in agricultural societies is shared broadly by the whole population, while in an industrial society it is felt most intensely by the urban working class, many of whose members become unemployed and are often left without a source of support.

In advanced industrial societies, when workers are not able to sell their labor because of declining demand, industrial injuries, sickness, old age, or other reasons, they seldom “return to the farm” or rely on support from the family or local community. Since many of the
underlying economic problems are largely beyond the control of individuals or their employers, national programs of unemployment and industrial accident insurance, occupational safety and health regulations, old-age pensions, social security, and income maintenance are modern substitutes for such family, community, or parish support that was traditionally provided in preindustrial societies.

Industrial workers differ from those in handicraft shops because they are less likely to become "masters" or employers. Before industrialization, the modest capital needed to become a master could be acquired by many journeymen, but modern industrial plants—even of modest size—have capital and technical requirements that are beyond the means and the entrepreneurial expertise of most workers. Therefore, industrial workers typically work for employers who, in the absence of unions or government regulations, are limited mainly by the state of the labor market in their treatment of workers. While the free market accomplishes many tasks reasonably well, it is not a perfect regulator of working conditions. That is why the problem arises of how workers are to protect themselves from arbitrary management decisions.

The large size of many modern producing units also creates problems of communications and mutual comprehension that were not present in the small handicraft shop. Not only do most industrial workers not expect to become their own bosses, but they also rarely eat at the same table with employers, go to the same church, or perhaps even see them. These impersonal relations make it difficult for employers and workers to understand each other, which gives rise to dissension and creates a need for a means by which workers and managers can communicate effectively with each other. To a certain extent, the collective bargaining that goes along with unionization facilitates communication by providing an organized procedure through which workers and employers can present their views and demands to each other. Since it is true that the larger the plant, the greater the need for such communication, it is not surprising that the incidence of unionization in manufacturing is directly related to plant size.

Large industrial concerns usually need work rules and discipline in order to operate. Decisions must be made as to what time workers should come to work, the amount of wages to be paid, the number of vacations and holidays, the bases for promotions, the grounds for discharge, and other rules that govern day-to-day operations. There are a number of ways in which these rules can be made. They may be made—and indeed are in many cases—entirely by the employer, or they can in part be made by workers through unions, or by the government.
During the early stages of industrialization, in order to meet competition, employers hired children, paid low wages, required long hours and imposed onerous working conditions. Since such activities are detrimental to workers’ health and economic well-being, they organized to resist these conditions either by collective bargaining or through government regulation. As a consequence, today working rules are often jointly made by workers and employers under a collective-bargaining agreement within a framework of government rules. Where unions do not exist, employers usually make the rules in conformity with minimum government standards. However, because government agencies usually are understaffed, laws governing such matters as safety and minimum wages often give way to what employers regard as “business necessity.” Unions, therefore, help government agencies to enforce protective labor legislation.

Labor Movements as a Solution to Workers' Problems

Labor movements are an attempt to solve the wide variety of workers' problems associated with industrialization. A labor movement, in a simplified but useful description, usually encompasses a number of activities to advance or defend working-class interests with the union as its basic instrument. Such a movement usually has a sense of continuity and direction associated with it. In Europe, the labor movement affects or is affected by political parties, cooperative societies, various cultural organizations, educational and propaganda operations, as well as trade unions.

The unifying force in European labor movements has been a common ideology. In Europe, the emergence of labor as a factor of production dependent upon labor markets took a number of years during which individuals moved from dependence on the feudal system for their welfare and security to the less-predictable market system. The market system required workers to sell their services for a price—wages. They would then purchase from others those goods and services that would provide them with consumption goods and other needs.

The lack of a pre-existing feudal system in the United States and a relatively rapid rate of industrialization during the 1860s caused the development of the American labor movement to differ from those in Europe. Most important, American workers had better economic and political opportunities than their European counterparts. On the political side, American white male workers were “born free” in the
sense that they did not have to fight for the right to vote. In European countries, on the other hand, workers were forced to form political movements in order to gain the voting franchise.

Because they faced class restrictions, European workers were class-conscious and had to form movements to advance as a class rather than as individuals. In the United States, such factors as competition, individualism, and freedom led to a more rugged or frontier spirit and more individualistic or laissez faire attitudes. Consequently, union members in the United States have been more concerned with the immediate interests of their members as individuals, rather than the longer-run socioeconomic and political problems of the working class as a whole. In short, most workers in the United States have never believed they were members of a permanent "working class" as workers in Europe do. This does not deny the existence in the United States of blue-collar workers whose families have been blue-collar workers for generations. It does mean that in the United States lines between classes have been relatively fluid, and workers have had more opportunities than their European counterparts to better themselves socially and economically. However, not all have (or have had) the same access to opportunities and, therefore, easy movement from "rags to riches" is in large part a myth.

Many scholars have examined the historical origins of labor movements in Europe and the United States in order to understand the differences between the movements. Such historians as Sidney and Beatrice Webb and Karl Marx came to the conclusion that class division was the main factor in the origin of unions. Selig Perlman, on the other hand, argued that unions emerged as workers became conscious of the scarcity of economic opportunities open to them. In other words, Perlman is saying that workers realize that their primary concern is with the security of their jobs, and they attempt to exercise control over factors that affect their job security. There is also general agreement that one of the main functions of trade unions has been to protect labor from the consequences of the competitive market. The competitive market is, among other things, susceptible to general business ups and downs, over- and underproduction in particular industries or markets, unemployment, and inflation—or put simply, a great deal of uncertainty.

Labor movements originated because industrialization (or capitalism) produced a wage-earning sector with special problems that could only be effectively corrected through organized activities. The differences between labor movements in the United States and in Europe are rooted in political, social, and economic institutions.

The labor movements of the developing countries of Asia, Africa,
and South America are quite different from those in the United States and Europe. Indeed, when compared to Latin American or African labor movements, the European and American movements appear to resemble each other closely. In Western industrial countries, trade unions are likely to be more independent of political leaders and to place more emphasis on collective bargaining and economic gains for their members than unions elsewhere. The labor movements of the developing countries, however, face unique pressures. They have greater difficulty establishing collective-bargaining relations with employers, partly because their leaders are more likely to be intellectuals whose talents and interests incline them toward political activities rather than collective bargaining. In some countries—for example, India, Indonesia, Ghana, and Israel—the labor movements were used to establish political independence from the colonial powers of Europe. In addition, collective bargaining also is impeded by the workers’ weak bargaining power, due to labor surpluses and limited skills.

A major obstacle to unionization in the developing countries is opposition from political leaders who consider collective bargaining to be incompatible with industrialization. The basic argument is that unions promote economic instability and increase consumption at the expense of increasing the ability to produce—i.e., divert resources from capital formation. Political leaders in these countries, therefore, are likely to insist that unions be production oriented by helping to hold down consumption and by promoting economic efficiency until the economy is developed, only then should they become more consumption oriented.

The American Labor Movement—Business Unionism and Collective Bargaining

The labor movement in the United States has been essentially a trade-union movement in which the emphasis has been on “bread and butter” matters. That is, a businesslike relationship exists between unions and employers in which the primary goals of the unions are to provide increased wages, more fringe benefits, and better working conditions for their members.

One of the institutions, or generally accepted procedures, that has

2 Fringe benefits include such things as pensions, hospital insurance, health-care, dental care, and prepaid legal services.
emerged to control or regulate the relationship of employer to union—or employer to employee—has been "free collective bargaining." In collective bargaining, representatives of management and the union sit down together to solve the problems raised by management or by unions on behalf of their constituencies. The agreement is formalized in a contract that usually lasts one to three years.

Note that in the previous paragraph the word "free" precedes the term "collective bargaining." In essence this means that there is little government control or regulation of the collective bargaining process. If there are breakdowns in bargaining or if strikes in certain industries occur, only then does government play a role. By and large, the government has adopted the attitude that since employees and employers must live with whatever agreement they make, they should reach an agreement through a process of bargaining—or of give-and-take—with which both can live.

Although American workers had serious problems, which they sought to alleviate through collective bargaining and the political process, they were comparatively better off than their European counterparts. As stated earlier, combined with less class consciousness than in European countries, better economic and political conditions here largely explain why American unions have not formed a labor party. The economic well-being of American labor was due, in large part, to the existence of labor shortages as the United States was being developed. Economic mobility also made it difficult for socialists, who were active in the United States at a very early date, to organize workers on a class basis. The twentieth-century American socialist leader Norman Thomas said that socialists had difficulty gaining labor support in the United States because American workers found it easier to rise out of their class than to rise with it.

The American political system also has worked against the formation of a labor party. Because of the vast power of the presidency, a political party must have some chance to elect a President in order to become significant nationally. However, the manner in which the American President is elected gives great advantages to major national political parties and makes it difficult for other—usually third—parties to become established. The President is elected by an electoral college in which states are accorded votes proportionate to the size of their representation in Congress. This system gives power to sparsely populated and rural states, since each state has the same number of senators (though different numbers of representatives). Since union members as a group are a minority even in urban areas where they are usually concentrated, they have not had sufficient political power of their own to challenge the Democrats and
Republicans in electing a president. In European parliamentary systems, the chief executive typically is elected by parliament; moreover, those systems sometimes have proportional representation, which works to give urban workers nearly equal representation. As a consequence, minority labor parties can exercise political influence in selecting prime ministers by participating in coalitions within the parliament, and by gradually building their political strength to become majority parties.

Another aspect of the two-party tradition in the United States that makes it difficult for third parties such as labor parties to get started has been the ability of the major parties to incorporate popular features of third-party platforms, thus denying to the third party the benefits associated with sponsoring positions popular with workers as well as with others. (Sidelight: organized labor's political interests have often been successfully opposed by a de facto coalition of norther Republicans and southern Democrats.)

The result has been that the labor movement in the United States has not essentially been a political one. There has not been the strong working class consciousness which in European countries works to support socialism and the strong involvement of unions in the political process. (In many European countries unrest and political involvement have at times resulted in direct takeovers of factories and massive general strikes.) As a consequence of the lack of class consciousness, relative economic mobility, and the American political system, American trade unionism has been mainly job-centered.

By and large, the labor movement in the United States has been relatively conservative, which does not mean that there have not been moments of unrest, violence, and strife, but that, in general, workers and unions have primarily been concerned with matters that are economic and not political. Once collective bargaining had become generally accepted and they no longer had to struggle for their union's right to exist, American workers became content to work out their problems and concerns in a peaceful and stable manner through collective bargaining and through political activities within the framework of the existing economic system. Although the movement's ideology shifted slightly from decade to decade, the primary forces that shaped it were the level of living, the rate of economic growth, the absence of class consciousness, the nature of the American political system, and the relative success of collective bargaining.

The labor movements of the United States and Western Europe have drawn closer together ideologically since World War II. European socialist labor movements have de-emphasized radicalism and given greater emphasis to collective bargaining, while the
American labor movement has become much more active politically as a result of the Great Depression of the 1930s. Indeed, American unions have actively backed much of the social legislation adopted in the United States since the 1930s, and they have participated in every presidential campaign.

**REFERENCE FOR CHAPTER 2**

In the late 1700s, various custom-trade workers such as shoemakers, printers, and carpenters began to form local associations or groups. Usually such associations were formed to resist specific wage reductions or maintain certain final product standards and working conditions. Organizational activity took place mainly in large cities like Boston, New York, and Philadelphia. These organizations were purely local in scope and did not persist long after a particular grievance was settled.

Labor movements were products of industrialization: in preindustrial times there were guilds or similar organizations. Most historians agree that guilds were not unions, because they were organizations of employers, not employees. Guilds, however, probably served as examples to workers of a kind of organization that might solve their problems. Many of the guilds were mutual-aid societies formed for social purposes, to provide disability and death benefits, or to “uplift” their members through education. Such organizations were not unions since they did not seek to protect and promote the mutual interest of members through collective bargaining.

**Early Local Unions and Political Organizations**

Employer opposition, courts friendly to employers, and economic recessions resulted in very weak unions at first. Citywide—or local—unions began to grow in the early 1800s, about the same time as capital was being made available for the expansion of business. During this period, population growth, the expansion of markets, and improvements in transportation and communication were beginning

---

1. Economists employ the term capital to refer to fabricated goods that are used to produce other goods and services. Examples are factory buildings, machines, tools, transportation equipment. Capital investment refers to the funds used to purchase capital goods.
to take place throughout the country. The locals met fierce opposition from courts and employers, who sought to have unions declared illegal on the grounds that they restrained trade. It was not until the famous court decision of Commonwealth v. Hunt in 1842 that unions were regarded as lawful and the objectives they sought were tolerated by the courts.

Business recessions and depressions also caused trouble for the locals. Unions were impeded in bad times because employers could easily recruit strikebreakers from the ranks of the unemployed. Employers, at the same time, could more easily resist unions because poor sales put them under limited pressure to continue operating with a full work force.

As a consequence, many early local unions found it easier to engage in political activities than in economic strikes. Taking advantage of enfranchisement (the right to vote), which was extended to most white males in the United States at an early date, citywide political organizations made up of members of the various city locals were active in state and local politics. In the 1830s union activity was extended with the growth of a number of federations of local unions that were referred to as “city centrals.” In 1834, a number of those city centrals met in New York and formed the National Trade Union, whose purpose was mutual assistance and the promotion of union-produced goods.

A three-year depression starting in 1837 effectively destroyed most U.S. unions, illustrating the general rule that unions gain membership and power during prosperity and lose ground during periods of recession or depression. During prosperity, union power is generally stronger (through the use, or threat of use, of the strike weapon) because there are apt to be labor shortages; and employers are less likely to resist union pressure, since they can pass wage increases on to customers in the form of higher prices. As already mentioned, when business activities are slow, employers are under no such economic pressure and are more likely to resist.

One reaction to the recession of 1837 was the belief that workers’ problems could be solved if the wage system were abolished and an idealistic or utopian system were to be substituted in its place. Intellectuals and workers alike sought improvement of workers’ conditions through producer and consumer cooperatives. However,
most of these cooperatives lost their idealism through the years and either withered away or became regular business organizations. Cooperatives usually were viewed with hostility by the business community and as competitors by unions devoted to collective bargaining, which feared that their membership and their working conditions would be lowered by such organizations.

The homestead movement of the 1850s and the 1860s had an indirect effect on the labor movement because the availability of free land—supplied by the government if lived on for at least five years—provided a release for the population residing along the eastern seaboard. This free land attracted many persons and relieved the need for jobs in the East. Not only did the westward movement serve as a safety valve, but it also helped to expand national markets.

The expansion of national markets during the 1800s stimulated the growth of unions among workers whose wages were being undercut because of competition from products brought in from other parts of the country. In order to prevent such inter-area competition, in 1852 the printers formed the first permanent national labor organization. A national organization is a combination of local unions in the same trade or craft throughout the nation. During the next twenty years, a number of national unions were organized; among them were the locomotive engineers, hat finishers, ironmolders, machinists, and blacksmiths. Many of these unions experienced severe hardships during the depression between 1873 and 1878: some became defunct, but others survived, strengthening the conviction that national unions contributed to the stability of labor organizations. Unions had begun to learn the structural, legal, and strategic requirements necessary for survival in a hostile atmosphere of poor business conditions, court opposition, and the open belligerence of employers. The number of national unions increased from 6 to 171 from the late 1800s to 1909 [11, p. 383].

Federations

The desire of union leaders to combine into a federation of national unions resulted in the establishment of the National Labor Union (NLU) in 1866. Such an organization could present a united front or voice when dealing with public policies. A few years earlier, in 1864, the International Industrial Assembly of North America, a federation of city centrals, had failed. The NLU, however, was a loose federation of city centrals, local unions, and socialist and reform organizations that concentrated its efforts on producers’ cooperatives and “greenbackism.” Proponents of greenbackism wanted to make cheap capital available to workers’ cooperatives (and individuals) as a means of escaping from the wage system. Monetary and banking reforms and the failure of various political activities of the federation
resulted in a tremendous decline in the importance of the NLU by 1872. Again a labor organization failed because it was concerned with the longer-term objective of reforming society.

The Knights of Labor

The depression or panic of 1873 stimulated the growth of a new organization, The Noble Order of the Knights of Labor. It was organized as a secret society in 1869 and then abandoned secrecy in 1878 because of opposition from the Catholic Church and because of the poor public image that resulted from its secrecy. The Knights' basic program was to counteract "the evil of wealth" through producers' cooperatives and workers' education. Uriah Stephens was the evangelistic founder of the Knights; however, the name Terence V. Powderly is usually associated with the Knights during the height of the organization's power. In 1880, under Powderly's leadership, the Knights led a series of strikes that at first were extremely successful but later were disastrous, revealing serious weaknesses in the organization.

The association in the public mind between the Knights and anarchism also contributed to the Order's demise. A bomb explosion in Chicago's Haymarket Square in May 1866 killed and wounded a number of policemen and was blamed on the Knights. Although unsuccessful strikes, a poor public image, and poor leadership all led to the eventual failure of the Knights of Labor, an organization of its kind perhaps was doomed from the start. The Order's structure resulted in rapid growth since it took in persons with widely differing views, such as farmers, employers, agricultural workers, unskilled workers, and craftsmen. The Knights accepted all who worked for a living. definition that, according to the Knights, excluded bankers, bootleggers, bartenders, Pinkerton detectives, and lawyers—that is, those who the Order regarded as the true villains or "lice" in society. Although national unions could affiliate with the Knights, many remained aloof. The mixed membership of the Order was unwieldy, making its structure a major weakness. It was impossible for such a diverse group to agree on any course of action.

In 1881, a number of the independent national unions, together with some of the Knights' insurgent craft organizations, combined to form the rival Federation of Organized Trades and Labor Unions (FOTLU). At first FOTLU had political objectives and sided with its

---

2. Anarchism is the belief that all government is unnecessary. The term "anarchists" is nevertheless frequently applied to individuals or groups of a left-wing persuasion who commit acts of political terrorism.
national unions in their rivalries with the Knights. In 1886, FOTLU became the American Federation of Labor (AFL), and while the Knights continued to exist, the Order began to be overshadowed by the AFL.

**The American Federation of Labor—The Early Years**

The AFL was a federation of craft unions that concentrated on economic objectives. It was made up primarily of national unions whose leaders were not interested in long-run political changes and reforms. The AFL was not guided by a "pie in the sky" philosophy, but by a "bread and butter" realism; it was mainly interested in the wages and working conditions of its member unions. Such unionism is often referred to as "business unionism" or "job-conscious unionism." The common implication of these terms is an interest in the practical, short-run economic goals of the members.

Each of the national—or international, if Canadian locals existed—unions was autonomous. Autonomy on the part of the nationals meant that the unions were not governed by the AFL. Perhaps it should be noted that the AFL (AFL-CIO today) was no more powerful than the national unions allowed, and the Federation did not perform any more functions than the member unions wished. Today, an analogy may be found in the United Nations, where power and decision-making authority lie with the member countries.

Another basic AFL tenet was the concept of "exclusive jurisdiction" or the prohibition of "dualism." Each union would have a certain territory, which would be defined in terms of geography or of certain occupations, or perhaps both. Territorial division was necessary to prevent unions from competing with each other for members. The AFL decided the jurisdictional boundaries. It was hoped that the strength of unions would no longer be diluted by opposing each other locally and that particular unions would be unified in purpose and would concentrate on a common objective: bargaining with employers.

Autonomous unions and "exclusive jurisdiction" were just two parts of early AFL philosophy. The AFL's first president, Samuel Gompers, and other leaders put forth the following components of that philosophy [10]:

1. No more involvement of unions in utopian or cooperative endeavors. Such activities had in the past diluted union strength and often ended in despair and the failure of unions.

2. No more association or cooperation with farmers and small businessmen against monopolies or employers. Such cooperation
had also diluted labor strength, or otherwise adversely affected unions: in the future, labor would "go it alone."

3. No longer would unions be associated with revolutionary ideas or groups. Questioning the institution of "private property" had only alienated public opinion in the past. The future was to see a cultivation of public opinion with the objective of becoming more acceptable to the American economy and society.

4. Intellectuals were to be kept out of the labor movement. Intellectuals were usually associated with utopian or revolutionary ideas. In the future, the goals of the labor movement were to be more practical in nature.

5. Reform legislation was not to be advocated. At first this meant that unions were to oppose legislation providing for minimum wages, workmen's compensation, and unemployment compensation. In essence, the AFL did not want to accept government assistance as it might lead to government control.

6. No political labor party should be established. This did not mean, however, that labor should not be involved in politics, but that it would work within the existing political structure in order to achieve its goals. A policy of rewarding labor's friends and punishing labor's enemies (both at the ballot box and financially) was to be adopted.

7. No union or groups were to be allowed to organize if their strength and power relied on government protection. Basically, this meant that the only unions were to be craft unions. The unskilled were to remain unorganized.

8. Opposition to the liberalization of immigration laws was to be strong. This was somewhat ironic as many of the charter members of the AFL were immigrants to the United States. Nevertheless, they believed that if wages and working conditions were to be protected and improved, the supply of cheap foreign labor would have to be controlled.

9. Collective bargaining was to be stressed. A legal, binding agreement between employer and unions on behalf of employees was to be a major goal of the AFL.

Craft unions are made up of workers that do the same kind of work—for example, carpenters. Industrial unions include workers of all kinds (such as electricians, carpenters, clerks, and janitors, as well as people on assembly lines) in the same industry, regardless of their particular skill or craft.
The American labor movement was to comprise "respectable" business unions, content to work within a framework of a "capitalist" or "free enterprise" system where profits are essential for the prosperity of the employer. Hence, unions should strive for respectability and inclusion as part of "the establishment."

The new philosophy of the AFL resulted in slow union growth at first, but from 1886 to 1898 the membership doubled to 138,000. Four decades later the Federation became the dominant labor organization. Union membership fluctuated with changes in economic conditions during this period, but grew to over 2 million by 1904, reached a peak of 5 million in 1920, and later declined to about 3 million in 1930. (There is evidence that union ranks tend to swell during periods of prosperity and shrink during periods of adversity. Other factors, however, may moderate this pattern.)

During its earlier years, the AFL faced enormous opposition and hostility from the courts and employers. By the 1930s, the previously discussed legal doctrine of criminal conspiracy ceased to be a problem, as strikes, boycotts, closed shop conditions, and other tactics used to achieve labor's objectives were no longer considered illegal. (As early as 1842, Commonwealth v. Hunt had decided that the courts should look at the "ends"—as opposed to the means—in determining whether unions were seeking lawful objectives.)

Nevertheless, a period of general judicial assent to union attempts to organize did not then begin. Perhaps one of the strongest weapons used by employers to thwart unions before the 1930s was the injunction, which is a court order requiring a person or persons to do or not to do certain things. Originally, the injunction was a British device used to prevent damage to physical property; American courts adopted and extended it to include threats of damage to intangible property. Because both federal and state judiciaries largely consisted of judges who had a background in either business or land ownership, unions came to believe that courts and court decisions would always be against them.

Felix Frankfurter and Nathan Greene in their book The Labor Injunction noted the power of the injunction as used against labor [6]. Some of their main points are paraphrased below.

1. The injunction was always ex parte, which means from one side or one person's opinion. The other party, in this case the union, would not get a chance to plead its case and deny the allegations until a later date. At a later date the issue would either be moot or the union might have been destroyed.

2. The labor injunction came to have a so-called "midnight feature," which referred to the semisecret issuance of the injunction.
Obscure judges who would issue the injunctions with great speed were utilized by employers.

3. A "whomsoever and whatsoever" clause was usually included as the final clause of an injunction. This clause was all-encompassing and was designed to cover anything that a union might do that had not been expressly listed.

4. Judges tended to be corrupt and prejudiced. Although corruption was more prevalent in the state courts, it also existed in the federal courts.

5. A contempt feature is an element of all injunctions. Failure to comply with a court's injunction places the party or union in contempt of the court.

The injunction combined in one branch of government legislative, executive, and judicial powers. The courts had the power to issue injunctions, enforce them, and try those in contempt.

Another legal impediment to unions was the application of the Sherman Anti-Trust Act of 1890 to organized labor. While the act was applied to unions and companies alike, it is doubtful that Congress intended its extension to unions. In the Danbury Hatter's case [8], an employer obtained a judgment of over one-half million dollars for triple damages against the Hatter's Union for its nationwide consumer boycott of the employer's hats. The court held that boycotts interfered with the flow of goods and thereby restrained commerce within the meaning of the Sherman Act.

As a result of the effects of injunctions and adverse court decisions, the AFL for the first time broke its tenet of no political activity. Its efforts to influence legislation resulted in the Clayton Act of 1914, which was first hailed as the Magna Carta of labor because it was thought to have exempted unions from the Sherman Act. But early interpretations by the federal courts rendered the act meaningless, and it was not until much later that unions obtained relief from injunctions and prosecution under the Sherman Act for labor-market activities.

Another potent weapon used by employers against unions was the "yellow-dog contract." The yellow-dog contract was one between employer and employee in which, as a condition of employment, the employee agreed not to join a union. Hence, any union organizing attempts would lead employees to break their contracts and union organizers could be found guilty of inducing the employees to do so.

Although not a weapon, a system of management introduced around the turn of the century began to draw union attention and opposition. Frederick W. Taylor's system of scientific management posed a threat to workers by establishing norms for work to be
performed. Unions felt that the emphasis on greater productive efficiency and systematic standardization of the production process could only hurt labor. The skilled worker’s job would be fractionalized into various components capable of being performed by semiskilled or unskilled workers. Such a process might result in the loss of control over the work by the worker as well as the loss of bargaining strength by craft unions.

Although the obstacles to union growth made it difficult for unions to grow during the early part of this century, the labor movement was firmly established by 1918 and expanded considerably during World War I. This was due primarily to tight labor markets resulting from an increased demand for labor associated with production of armaments and war supplies. Furthermore, the federal government supported collective bargaining in return for the labor movement’s cooperation in the war effort. During this period the National War Labor Board sought through various tactics to prevent disputes in essential industries. The board recommended that there be no strikes or lockouts during the war and encouraged employers to recognize the workers’ right to organize. Between 1917 and 1920, union membership increased from about 3.0 million to 5.1 million.

In spite of the increase in membership and the general growth of craft unions during the war, few semiskilled or unskilled workers were organized. In 1919, under the leadership of William Z. Foster, a committee of twenty-four craft unions attempted to organize U.S. Steel Corporation employees. Intense civic opposition in steel production centers and employer hostility as well as Foster’s radical background helped break the strike and rendered the organizing effort ineffective. Significantly, the failure was partly due to the general reluctance of craft unions to concern themselves wholeheartedly with the plight of semiskilled and unskilled workers.

Anti-union sentiment was very strong in the 1920s. In fact, the feeling was so strong that, unlike during most periods of prosperity, unions failed to grow during these years. Between 1920 and 1933 union membership dropped from slightly over 5.0 million to approximately 2.6 million. One reason unions failed to grow during the 1920s was undoubtedly that this period of prosperity did not follow a long period of economic depression.

Unions also faced tremendous employer opposition during the 1920s in the form of company unions and the “American Plan.” Company unions were designed so as to give employees only a minimal voice in a company’s affairs. The principle of the American Plan was not to hire union members.

A number of organizations that had been formed at the turn of the century were quite helpful in assisting employers in their anti-union activities during the 1920s. Some of these organizations were the
Citizens' Industrial Association, formed in 1903; the National Association of Manufacturers, formed in 1895; the National Council of Industrial Defense, founded in 1908; and the American Anti-Boycott Association. Other organizations engaged in anti-union efforts included the United States Chamber of Commerce and the National Open Shop Association (NOSA). NOSA's appeal stressed the individual worker's right to a job without paying dues or other "tribute" to unions. Such anti-union appeals also dwelt on the disrupting influence of strikes and claimed that unions limited output.

The Industrial Workers of the World

Although the AFL dominated the labor movement in the United States before the 1930s, it did not go unchallenged in its claim to speak for American workers. The Industrial Workers of the World (IWW), commonly referred to as "the Wobblies," was one of the more colorful of several unions that challenged both the Federation's conservative policies and its refusal to organize industrial workers. Formed during the first decade of the century, the IWW was concerned with the growing economic and political power of capitalists as reflected in the use of troops against strikers and in legal maneuvers to defeat unions.

The Wobblies' membership was composed mainly of unskilled factory workers, miners, lumbermen, and dock workers. In social and political terms, the most important groups were immigrants, American socialists, and native radicals. The socialists stressed such issues as free land, cheap money, and opposition to monopolies and the high-handedness of railroads. The native radicals, who came mainly from the western states, did not believe in collective bargaining but rather in direct action, or syndicalism. They aspired to take possession of the industries of the country and to operate them.

The 1905 IWW Manifesto expressed a desire to create a movement made up "of one great industrial union embracing all industries" [3, p. 59]. The militant slogan of the union was: "Labor produces all wealth and all wealth must go to labor." The IWW's preamble stated that "The working class and the employing class have nothing in common" [7].

During the first years of the IWW's history there was a noticeable lack of growth. Internal dissension caused the withdrawal of many of the socialists and members of the Western Federation of Miners (who had left the AFL to join the IWW). A number of "free-speech fights" after 1909 gained the Wobblies some fame. These demonstrations grew out of arrests of the Wobblies when they attempted to make speeches. If continually harassed, IWW supporters would converge on a particular town and present it with the financial problem of feeding all the IWW members put in jail.
IWW membership reached a peak of about 100,000 by 1912, but declined thereafter due to continued internal dissension and the imprisonment of nearly a hundred of its leaders on sedition charges. IWW supporters were suspicious of well-organized and well-financed labor unions. Thus, the organization was philosophically and economically unsuited to building stable trade unions, for such unions require stable leadership and a centralized bureaucracy. Nevertheless, even today there are still a few obscure locals that consider themselves part of the IWW.

The AFL and the New Deal

The decline in mainstream union membership—which means largely the AFL—started in the 1920s and did not reverse itself until the New Deal period of the 1930s. Little change occurred before then, with the notable exception of the effects of the Railway Labor Act of 1926, which gave railway workers the right to organize and bargain collectively.

The antilabor tide began to turn before the depths of the depression were reached in 1933. In 1932, three years after the Great Panic of 1929, Congress passed the Norris-LaGuardia Act, which outlawed yellow-dog contracts and made it more difficult for federal courts to issue injunctions against labor organizations. In general, the government adopted a hands-off policy with regard to the workers' right to organize and bargain collectively, a policy long advocated by the AFL.

Perhaps more important was the general public's changing view of unions. Public opinion shifted away from support of "big business," since many people believed that employers had caused the Great Depression of the 1930s. The public supported the idea that the individual worker deserved a better break, and perhaps only through uniting in a common cause such as a union would the worker be able to deal with management on more equal terms than hitherto.

The New Deal philosophy of President Franklin D. Roosevelt, which held that excessive competition and the power of business versus that of workers and farmers was detrimental to the national welfare, was incorporated into the National Industrial Recovery Act (NIRA) of 1933. The NIRA encouraged industrial combinations, but most important from labor's standpoint was section 7A of the act, which made it possible for workers to organize and bargain collectively without employer interference.

Although the NIRA was declared unconstitutional by the U.S. Supreme Court in 1935, later that year Congress passed the National Labor Relations Act, which extended and strengthened section 7A of the NIRA. The National Labor Relations Act (often referred to as the
Wagner Act was a further expression of New Deal philosophy and held that employers contributed to strikes and business recessions by refusing to bargain collectively. The economic philosophy of the New Deal also stressed the need to maintain demand in order to prevent depressions. It was thought that unions and collective bargaining would maintain demand by protecting and advancing wages. The Wagner Act specified which labor practices of employers were to be held unfair. They included refusal to bargain with employees, interference in the workers' right to organize, and formation of company-dominated unions.

The Rise of the CIO

A favorable atmosphere existed during the late 1930s for union organizing. Reduced judicial opposition, favorable government actions and legislation, as well as favorable public opinion opened the way to increased union-organizing activities. This new potential for growth created problems within the AFL. A splinter group led by John L. Lewis of the United Mine Workers (UMW) formed the Committee for Industrial Organization in 1935. Intense personal feelings, as well as the opposition of the AFL leadership to any splinter group's attempting to organize the semiskilled or unskilled, led to the expulsion of the committee in 1938. The group formed a rival federation, the Congress of Industrial Organizations (CIO). As its name implies, the unions of which it was composed were organized by industries, not crafts. In other words, all workers in a given company or plant in a particular industry were organized into the same union.

The new federation took a different position from the AFL on a number of important issues. The AFL had not been able to resolve the problem of what should happen to craft-union members in plants that might be part of any new industrial union's jurisdiction. As suggested above, the CIO's organizational principles did not give rise to this problem. The CIO also challenged the philosophy of the founders of the AFL: the CIO organized the semiskilled and unskilled; it did not follow the concepts of no dualism and exclusive jurisdiction; and it sought government protection.

Personal differences were also important in precipitating the split between the AFL and the CIO. John L. Lewis had always wanted to be the leader of the American labor movement.

The CIO embarked on an organizing campaign designed to take advantage of the favorable atmosphere for union growth. Intellectuals who believed that the labor movement might be a vehicle with which to transform society took part in the drive. The CIO also received help from communists who seized this new opportunity to infiltrate the labor movement. Lewis, although a political conservative, also was a
skillful union organizer and campaigner who thought he could control the communists while taking advantage of their organizing skills.

Perhaps the single most important breakthrough for the CIO was the unionization of the steel industry. That industry had become a symbol of antiunionism. Among the tactics used by the union organizers in the struggle for union recognition in the steel industry was the "sit-down" strike (later ruled illegal). In this type of strike, workers and organizers would simply sit down on the job and stay in the plants until their demands were met. Other factors leading to successful union organization in the steel industry were the benefits received from the CIO's support of President Franklin D. Roosevelt in the 1936 presidential campaign and the beginning of economic recovery from the worst of the depression. Company unions—i.e., unions openly or covertly sponsored and under the control of employers—were infiltrated and in many cases provided valuable leaders to the outside unions.

Early in 1937, the United States Steel Corporation, by far the largest company in the industry, voluntarily recognized the Steel Workers Organizing Committee (SWOC) of the CIO as the bargaining agent for more than 200,000 workers. Intense opposition from the smaller steel firms largely delayed recognition by the rest of the industry until World War II. Significant gains were made by the CIO in other industries in the late 1930s and early 1940s. Among them were the auto, rubber, electrical, mining, petroleum refining, maritime, textile, meatpacking, and longshore industries.

The success of the CIO did not go unnoticed by the AFL. The established craft unions had resisted organizing industrial workers on the ground that the supply of unskilled labor could not be limited since the monopoly element resulting from skills was absent. The CIO's success proved that it was possible to create that element of monopoly, if everyone in the plant, firm, or industry was organized. Potential strikebreakers would then not be so readily available to employers.

After the CIO experienced initial success in its organizing attempts, the AFL also tried to organize industrial workers and was quite successful at it. In fact, membership in the AFL grew from 2.9 million in 1937 to 4.2 million in 1940, while the CIO's membership declined from 4.0 million to 3.6 million during the same period [11, p. 413].

**The AFL and the CIO in the 1940s**

The decade of the 1930s was a time of change for unions in the United States. Although there is some controversy over why it happened, no one disputes that these were opportune times for union growth. Undoubtedly, the unsatisfactory economic conditions of that period were blamed on business and "market forces," which in turn produced sympathetic feelings toward unions on the part of the public.
Furthermore, government attitudes toward unions became more favorable, judicial prejudice against unions decreased, favorable legislation—especially the Wagner Act—was passed, employer resistance to unions lessened, and organizing was stimulated by the effects of the rivalry between the CIO and AFL.

Union growth was by and large stimulated by World War II. The war caused a tremendous increase in the demand for workers, both in civilian and military activities. Consequently, both the increased employment and continued favorable actions by the federal government stimulated a growth in union membership. The War Labor Board (WLB) specifically helped weaker unions to grow by ordering employers to sign contracts with unions that represented a majority of their employees. The quids pro quos for favorable consideration and assistance by the WLB were usually no-strike assurances and assistance from unions in increasing production.

The wartime no-strike policies, which had been effective except for wildcat strikes, ceased when the war ended. Although wages and benefits had risen during World War II, they had not gone up as much as unions had desired. The end of the war brought a tremendous increase in the number of strikes due to the relaxing of wartime regulations such as price and wage freezes. The increase in strikes interfered with supplying the pent-up postwar demand for consumer goods and services. Public opinion began to turn against unions as many came to believe that unions had grown too powerful. Such hostility was manifested in the passage of the Taft-Hartley Act in 1947 (see Chapter 6) and the enactment of antiunion legislation by a number of states.

The AFL-CIO Merger

The growth of union membership stagnated in the 1950s. A number of membership drives both by the AFL and the CIO were dismal failures as well as quite expensive. In many cases, the two organizations’ drives were in direct competition with each other. Rivalry and raiding were facilitated by the representation-election procedures under the Wagner Act. Under the Act, the National Labor Relations Board (NLRB) certifies any union that gains the votes of a majority of the workers as a bargaining agent. The various AFL and CIO unions found it cheaper to raid each other than to mount an organizing campaign in heretofore nonunionized plants or industries. The eventual merger of the two federations in late 1955 was facilitated by the signing of a “no-raiding” agreement in 1953.

During the years in which the two federations coexisted, the hard lines between craft and industrial unions became blurred. By the mid-1950s, there were industrial workers in the AFL, and craft
workers in the CIO. The basic cause of the original split consequently disappeared since both federations contained craft and industrial unions as well as unions that contained craft and industrial workers.

During the late 1940s and early 1950s the CIO lost a large number of its members. Membership declined as a result of the expulsion of communist-dominated unions in 1949 and by the withdrawal of John L. Lewis and the UMW as a result of irreconcilable personality and political differences. These factors contributed to the growing pressure for merger of the two federations. The scene for a possible merger was also set by the deaths, within eleven days of each other, of William Green, president of the AFL, and Phillip Murray, president of the CIO. Their replacements—George Meany for the AFL and Walter Reuther for the CIO—were further removed from the problems and emotions that caused the original split than their predecessors.

The AFL-CIO Today

The new merged organization, the AFL-CIO, though similar to the structure of the old AFL, had more power over its affiliates. The AFL-CIO is governed by a biennial convention at which each union is represented according to the number of its members on whom a per capita tax (24 cents a month) is paid. An outline of the structure of the new federation as of 1982 is shown in Figure 1.

Between conventions, AFL-CIO activities are directed by its two executive officers (the president and the secretary-treasurer), aided by an Executive Council and a larger General Board. The Executive Council, elected by the convention and composed of the two executive officers and thirty-three vice-presidents, is the chief governing body between conventions. The General Board, which consists of all thirty-five members of the Executive Council and a principal officer of each affiliated national and international union or department (international refers to unions that have locals in Canada), meets at the call of the president and acts on matters referred to it by the executive officers or the Executive Council.

A number of standing committees may be appointed by the president to carry on legislative, political, educational, and other activities. In 1982 there were thirteen standing committees and eight trade and industrial departments in the AFL-CIO. The recent addition of two more departments—one for professional and the other for public employees—reflects the changing composition of the labor force. Many of the national and international unions are affiliated with one or more of the eight departments. The various departments promote the interests of specific groups of workers who are members of different unions but who have strong common interests.

Figure 1 shows that some local unions (71 in 1982) are directly
FIGURE 1
Structure of the AFL-CIO

SOURCE: [4, p. 7]
*Includes Building Trades, Food Trades, Industrial Union, Maritime Trades, Metal Trades, Professional Employees, Public Employees, and Union Label departments.
affiliated with the AFL-CIO and, therefore, report directly to that body; most locals (44,700) report to their respective internationals. The 71 directly affiliated locals go back to the situation that existed before the federation's 1955 constitution was written. Since the AFL-CIO's total membership is some 15 million, international unions constitute the main organizations within it.

**International Unions and Employee Organizations: Size and Growth**

In 1979, 196 employee organizations, of which 162 were classified as unions and 34 as professional and state employee associations, existed in the United States [13, p. 1]. Professional and employee associations are quite similar to unions except that they usually have not used the strike as a weapon. In recent years, however, many of these organizations have abandoned that policy of restraint, and it is anticipated that more will do so in the future. This trend has narrowed the difference between such organizations and unions, and seems likely to continue.

Of the 162 unions, AFL-CIO affiliates accounted for 102, while another 60 were unaffiliated. Members of unions affiliated with the AFL-CIO represented approximately 78 percent of the total union membership in the nation. A number of smaller federations and organizations also represent unions and workers. They include the Railway Labor Executives' Association, the Assembly of Government Employees, the National Federation of Independent Unions, and the Telecommunications International Union.

Approximately four-fifths of the membership in unaffiliated international unions in 1978 was in unions once affiliated with the AFL-CIO and the old CIO [13, p. 4], and some of these are large and important. They include the United Electrical Workers and the Longshoremen's and Warehousemen's Union. The latter was expelled from the CIO in the late 1940s for being communist dominated. One union, the International Brotherhood of Teamsters was expelled from the AFL-CIO in 1957 on the recommendation of the AFL-CIO Ethical Practices Committee. The unions mentioned earlier in this paragraph and the long-standing unaffiliated unions such as the Brotherhood of Locomotive Engineers and the United Mine Workers totaled 66 and accounted for 4.8 million members in 1978 [13, p. 4].

One important union, the United Automobile Workers, withdrew from the AFL-CIO because of the personal and ideological points of view of its leader, Walter Reuther. In 1981, after his death, the UAW reaffiliated with the AFL-CIO.

The U.S. unions and employee associations with the most members are shown in Table 1. The largest union, the Teamsters, is
TABLE 1
Labor Organizations\(^a\) Reporting Membership of 100,000 or More, 1980
(in thousands)

<table>
<thead>
<tr>
<th>No. of Members</th>
<th>No. of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teamsters(^b)</td>
<td>1,891</td>
</tr>
<tr>
<td>National Educ. Assoc.(^b)</td>
<td>1,684</td>
</tr>
<tr>
<td>Automobile Workers(^c)</td>
<td>1,357</td>
</tr>
<tr>
<td>Food and Commercial</td>
<td>1,300</td>
</tr>
<tr>
<td>Steelworkers</td>
<td>1,238</td>
</tr>
<tr>
<td>State, County</td>
<td>1,098</td>
</tr>
<tr>
<td>Electrical (IBEW)</td>
<td>1,041</td>
</tr>
<tr>
<td>Carpenters</td>
<td>784</td>
</tr>
<tr>
<td>Machinists</td>
<td>754</td>
</tr>
<tr>
<td>Service Employees</td>
<td>650</td>
</tr>
<tr>
<td>Laborers</td>
<td>608</td>
</tr>
<tr>
<td>Communication Workers</td>
<td>551</td>
</tr>
<tr>
<td>Teachers</td>
<td>551</td>
</tr>
<tr>
<td>Clothing and Textile Workers</td>
<td>455</td>
</tr>
<tr>
<td>Operating Engineers</td>
<td>423</td>
</tr>
<tr>
<td>Hotel</td>
<td>400</td>
</tr>
<tr>
<td>Plumbers</td>
<td>352</td>
</tr>
<tr>
<td>Ladies' Garment</td>
<td>323</td>
</tr>
<tr>
<td>Musicians</td>
<td>299</td>
</tr>
<tr>
<td>Paperworkers</td>
<td>275</td>
</tr>
<tr>
<td>Government (AFGE)</td>
<td>255</td>
</tr>
<tr>
<td>Postal Workers</td>
<td>251</td>
</tr>
<tr>
<td>Mine Workers(^b)</td>
<td>245</td>
</tr>
<tr>
<td>Electrical (IUE)</td>
<td>233</td>
</tr>
<tr>
<td>Letter Carriers</td>
<td>230</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No. of Members</th>
<th>No. of Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail, Wholesale</td>
<td>215</td>
</tr>
<tr>
<td>Government (NAGE)(^b)</td>
<td>200</td>
</tr>
<tr>
<td>Transportation Union</td>
<td>190</td>
</tr>
<tr>
<td>Iron Workers</td>
<td>184</td>
</tr>
<tr>
<td>Nurses Association(^b)</td>
<td>180</td>
</tr>
<tr>
<td>Railway Clerks</td>
<td>180</td>
</tr>
<tr>
<td>Fire Fighters</td>
<td>178</td>
</tr>
<tr>
<td>Painters</td>
<td>164</td>
</tr>
<tr>
<td>&quot;transit Union&quot;</td>
<td>162</td>
</tr>
<tr>
<td>Electrical (UE)(^b)</td>
<td>162</td>
</tr>
<tr>
<td>Sheet Metal</td>
<td>161</td>
</tr>
<tr>
<td>Bakery, Confectionary, Tobacco</td>
<td>160</td>
</tr>
<tr>
<td>Oil, Chemical</td>
<td>154</td>
</tr>
<tr>
<td>Rubber</td>
<td>151</td>
</tr>
<tr>
<td>Police(^b)</td>
<td>150</td>
</tr>
<tr>
<td>Boilermakers</td>
<td>145</td>
</tr>
<tr>
<td>Bricklayers</td>
<td>135</td>
</tr>
<tr>
<td>Transport Workers</td>
<td>130</td>
</tr>
<tr>
<td>Postal and Federal Employees(^b)</td>
<td>125</td>
</tr>
<tr>
<td>Printing and Graphic</td>
<td>122</td>
</tr>
<tr>
<td>Woodworkers</td>
<td>112</td>
</tr>
<tr>
<td>Office</td>
<td>107</td>
</tr>
<tr>
<td>California (NAGE)(^b)</td>
<td>105</td>
</tr>
<tr>
<td>Maintenance of Way</td>
<td>102</td>
</tr>
</tbody>
</table>

**SOURCE** Bureau of Labor Statistics survey data reported in [4]

\(^a\)See appendix at end of this publication for full names of organizations

\(^b\)Not affiliated with AFL-CIO

\(^c\)Not affiliated with AFL-CIO in 1980 Reaffiliated in 1981.

...indicates that the United Auto Workers had the second largest union membership in 1980 (1.4 million), the second largest labor organization in the same year was an employee association—the National Education Association (1.7 million members). Overall, membership is concentrated in a relatively small number of unions. The 13 unions with 500,000 members or more contained 60 percent of the people enrolled in unions in 1980 [4, p. 2]. Eighty-four unions,
approximately half the total, represented less than 3 percent of all members [4, p. 2].

The Local Union: Size and Growth

The third major component of the labor movement in the United States, in addition to international unions and federations, is the local union, the component in which workers are directly involved. Locals are usually chartered by the international, and sometimes are grouped into intermediate organizations called “districts,” “councils,” or “conferences.” These organizations facilitate the government of locals and the coordination of activities. The number of local unions chartered by the international unions decreased from 74,792 in 1970 to 44,700 in 1982. There is a possibility that this trend may reflect an attempt by the international to consolidate the smaller locals in the interest of administrative efficiency.

The amount of independence exercised by each union local depends upon a variety of factors. Usually the degree of independence reflects the nature of the market, the history of the union, legal requirements, and the personalities of leaders. When the union local represents workers in such industries as construction, newspaper printing, and local transportation—industries whose goods and services have a local market—the local is relatively independent and powerful.

Internationals attempt to maintain control over locals in many ways, including retention of title to the local’s property, control over strike benefit payments, power to revoke the local’s charter, and “trusteeship”—a device that allows the international to assume governance of a local if it is thought to be violating the international’s constitution. Since the 1930s, the internationals have gained greater authority over local union affairs and have conducted many activities, including centralized collective bargaining, on behalf of the locals. However, many issues are still left to local determination, and, most importantly, local union leaders enforce and interpret collective-bargaining agreements at the workplace, although with the aid of union representatives from the international.

Local union policy decisions typically are made in meetings at which frequently only a small proportion of the membership is represented. It should not be assumed, however, that such decisions do not reflect the attitudes of the members who ordinarily are kept well informed by the local leaders. Meetings on important issues dealing with questions of contract negotiations or strikes are usually well attended. Members always have the right to attend the meetings and, when aroused, may work to get local officials ousted.
Union Dues, Fees, and Salaries

The supreme governing body of the international union, like the federation, is the convention, which usually meets every year or two. Such conventions establish the union's basic policy. Delegates to conventions have votes proportionate to the number of dues-paying members in their locals. The international officers, who tend to maintain close contact with locals to prevent problems that could result in rank and file revolt, play the main role in determining the agenda.

Although unions have income-earning assets or investments, most of their revenue comes from membership dues and initiation fees that are collected by the locals and shared with the internationals. A 1976 government study of 40,400 local unions indicated that at that time more than 50 percent of the locals had receipts of less than $10,000 while an additional 35 percent received from $10,000 to $99,999 (14, p. 28). In the same year, the international unions had higher receipts than the locals. Only 7.4 percent received less than $10,000; 15.2 percent less than $100,000; and 27 percent less than $1 million. The survey showed that 50.4 percent received $1 million or more. The bulk of these receipts come through the locals in the form of a per capita tax on the number of members each local has.

The data does not support charges that labor unions exact exorbitant initiation fees [2, p. 1238]. A 1982 study by the AFL-CIO revealed that the typical initiation fees were $10 to $25, although a few of the reporting unions charged more than $50 [1]. There is a general tendency for union initiation fees to gradually increase, and in the 1970s and early 1980s, inflation probably increased them as well.

In the 1982 AFL-CIO study, local dues ran to about two hours pay per month ($10 to $20), although there were exceptions. Most locals collect dues monthly, but a small number collect them weekly, annually, or on some other basis.

Many union leaders started in industry and became involved in local union politics in their twenties. Few have college backgrounds, and even fewer began their careers outside the labor movement. In the larger unions, leaders administer what might be called "big business." Analysis of the salaries paid executives of important companies and unions indicates substantially lower salaries for union leaders (see Table 2). It is not unusual for union leaders to oppose higher salaries; higher pay means higher local dues—which can be a hazard to re-election.

Trends in Union Membership

Unfortunately, the tendency for unions to overstate—or sometimes to understate—their membership figures results in less than ideal data on union membership. Such data as are available for a
### TABLE 2
Total Compensation of the Ten Highest-Paid Management and Union Officials, 1983
(Thousands of dollars)

<table>
<thead>
<tr>
<th>Management Official</th>
<th>Company</th>
<th>Annual Compensation</th>
<th>Long-Term Compensation</th>
<th>Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>William S. Anderson</td>
<td>NCR</td>
<td>$1,075</td>
<td>$12.154</td>
<td>$13.229</td>
</tr>
<tr>
<td>Philip Caldwell</td>
<td>Ford Motor</td>
<td>1,400</td>
<td>5.892</td>
<td>7.292</td>
</tr>
<tr>
<td>David Tendler</td>
<td>Phibro-Salomon</td>
<td>2,080</td>
<td>4.841</td>
<td>6.921</td>
</tr>
<tr>
<td>Thomas S. Murphy</td>
<td>Capital Cities</td>
<td>480</td>
<td>5.603</td>
<td>6.083</td>
</tr>
<tr>
<td>Daniel B. Burke</td>
<td>Capital Cities</td>
<td>455</td>
<td>3.894</td>
<td>4.349</td>
</tr>
<tr>
<td>William S. Cook</td>
<td>Union Pacific</td>
<td>905</td>
<td>3.396</td>
<td>4.391</td>
</tr>
<tr>
<td>Edward R. Telling</td>
<td>Sears. Roebuck</td>
<td>1,425</td>
<td>2.796</td>
<td>4.221</td>
</tr>
<tr>
<td>Gerard A. Fulham</td>
<td>Pneumo</td>
<td>868</td>
<td>3.047</td>
<td>3.915</td>
</tr>
<tr>
<td>Donald E. Petersen</td>
<td>Ford Motor</td>
<td>1,140</td>
<td>2.643</td>
<td>3.783</td>
</tr>
<tr>
<td>George Weissman</td>
<td>Philip Morris</td>
<td>1,115</td>
<td>2.603</td>
<td>3.718</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Union President</th>
<th>Union</th>
<th>Salary</th>
<th>Allowance</th>
<th>Expenses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jackie Presser</td>
<td>Teamsters</td>
<td>4910</td>
<td>48</td>
<td>165</td>
<td>5123</td>
</tr>
<tr>
<td>William H. Wynn</td>
<td>Food &amp; Commercial Workers</td>
<td>1510</td>
<td>127</td>
<td>524</td>
<td>2161</td>
</tr>
<tr>
<td>Henry A. Duffy</td>
<td>Airline Pilots</td>
<td>1914</td>
<td>NA</td>
<td>NA</td>
<td>1914</td>
</tr>
<tr>
<td>Edward T. Hanley</td>
<td>Hotel</td>
<td>1227</td>
<td>169</td>
<td>243</td>
<td>1639</td>
</tr>
<tr>
<td>Thomas W. Gleason</td>
<td>Longshoremen</td>
<td>1420</td>
<td>102</td>
<td>85</td>
<td>1607</td>
</tr>
<tr>
<td>J C Turner</td>
<td>Operating Engineers</td>
<td>1253</td>
<td>236</td>
<td>104</td>
<td>1593</td>
</tr>
<tr>
<td>Richard I. Kilroy</td>
<td>Railway Clerks</td>
<td>1250</td>
<td>-</td>
<td>248</td>
<td>1498</td>
</tr>
<tr>
<td>Shannon J. Wall</td>
<td>Maritime Union</td>
<td>1364</td>
<td>-</td>
<td>134</td>
<td>1498</td>
</tr>
<tr>
<td>Angelo Fosco</td>
<td>Laborers</td>
<td>1299</td>
<td>118</td>
<td>-</td>
<td>1417</td>
</tr>
<tr>
<td>Gerald W. McEntee</td>
<td>State, County</td>
<td>1250</td>
<td>72</td>
<td>81</td>
<td>1403</td>
</tr>
</tbody>
</table>

**Source:** Business Week, May 7 and June 25, 1984

NA = not available

*See appendix at end of this publication for full names of unions.

*Not in office entire year. Figures show actual earnings during the year, not annual compensation.
given year are often not comparable with data for other years or with related data for the same year. Nevertheless, the following discussion should provide some insight into trends in union growth, even though it necessarily relies heavily on data provided by the unions themselves [4, p. 121].

Membership in the nation's 225 labor unions and employee associations totaled 23.8 million in 1980—down from 24.2 million in 1978. In the late 1970s and early 1980s, one measure of union strength—membership—revealed a decline. Unions and employee organizations experiencing large gains and losses in membership from 1978 to 1980 are listed in Table 3. One of the largest percentage losses was reported by the United Rubber Workers (15.2 percent) while the United Auto Workers lost 142,000 members. Despite these declines, other unions have grown—in part because of aggressive leadership. This appears to be true for such unions as the Communication Workers; State, County and Municipal Employees; and the American Federation of Teachers.

### Table 3

<table>
<thead>
<tr>
<th>Labor Organizations</th>
<th>1978</th>
<th>1980</th>
<th>Change No.</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile Workers</td>
<td>1.499</td>
<td>1.357</td>
<td>-142</td>
<td>-9.5</td>
</tr>
<tr>
<td>Steelworkers</td>
<td>1.286</td>
<td>1.238</td>
<td>-48</td>
<td>-3.7</td>
</tr>
<tr>
<td>Clothing and Textile Workers</td>
<td>501</td>
<td>455</td>
<td>-46</td>
<td>-9.2</td>
</tr>
<tr>
<td>Teamsters</td>
<td>1.924</td>
<td>1.891</td>
<td>-33</td>
<td>-1.7</td>
</tr>
<tr>
<td>Musicians</td>
<td>330</td>
<td>299</td>
<td>-31</td>
<td>-9.4</td>
</tr>
<tr>
<td>Rubber Workers</td>
<td>178</td>
<td>151</td>
<td>-27</td>
<td>-15.2</td>
</tr>
<tr>
<td>Oil. Chemical</td>
<td>180</td>
<td>154</td>
<td>-26</td>
<td>-14.4</td>
</tr>
<tr>
<td>Ladies' Garment</td>
<td>348</td>
<td>323</td>
<td>-25</td>
<td>-7.2</td>
</tr>
<tr>
<td>Service Employees</td>
<td>625</td>
<td>650</td>
<td>25</td>
<td>4.0</td>
</tr>
<tr>
<td>Electrical Workers (IBEW)</td>
<td>1.012</td>
<td>1.041</td>
<td>29</td>
<td>2.9</td>
</tr>
<tr>
<td>Machinists</td>
<td>724</td>
<td>754</td>
<td>30</td>
<td>4.1</td>
</tr>
<tr>
<td>Communication Workers</td>
<td>508</td>
<td>551</td>
<td>43</td>
<td>8.5</td>
</tr>
<tr>
<td>Teachers</td>
<td>502</td>
<td>551</td>
<td>49</td>
<td>9.8</td>
</tr>
<tr>
<td>Food and Commercial</td>
<td>1.236</td>
<td>1.300</td>
<td>64</td>
<td>5.2</td>
</tr>
<tr>
<td>State, County</td>
<td>1.020</td>
<td>1.098</td>
<td>78</td>
<td>7.6</td>
</tr>
</tbody>
</table>

**Source**: [4]

"See appendix at end of this publication for full names of organizations."
Union membership is highly concentrated in a few large states; most of these are in the Middle Atlantic and East North Central regions and on the West Coast. Union membership has historically been concentrated in those states with the most nonfarm employees. The states of New York, California, and Pennsylvania account for approximately one-third of all union members. These three states together with Illinois, Ohio, and Michigan account for over 50 percent of all union membership. The states in the South generally tend to be the least unionized.

Declines in union membership are usually analyzed with respect to the size of the labor force and total nonagricultural employment. When expressed as a percentage of either the total labor force or total nonagricultural employment, union membership has fallen throughout the 1970s and into the 1980s (see Table 4). Both the percentage and the absolute declines in union membership are being closely watched both by pro- and by anti-union forces in the early 1980s. There is little doubt that part of the decline reflects structural changes in the economy that have been going on for years—e.g., continued employment growth in the service industries, which are not heavily unionized.

In the meantime, thousands of U.S. workers in the automobile and related industries (most of them union members) were laid off, and although some have been or will be recalled, most will not—even if the purchase of U.S.-made cars rises somewhat further than it already has. The high prices of U.S. products including those of cars—a result in part of high U.S. interest rates and (for foreigners) the high exchange rate of the dollar in terms of other currencies—discouraged U.S. exports and encouraged U.S. imports in the early 1980s. Unions claim that high imports and lower exports mean fewer jobs for U.S. workers. Whether or not this is true for the entire U.S. labor force, there is some evidence that unions are more important in the export than in the import industries, and therefore a trend toward more imports may adversely affect union members in the export industries.

Other structural changes reflect alterations in consumer tastes and preferences during the past decade. The consequences of the rise in gasoline prices and its effects on the car-buying habits of U.S. consumers is particularly striking. In response to the ramifications of the "oil crisis" that began in 1973, buyers of autos shifted to the smaller and more fuel-efficient foreign cars because gasoline prices soared. Ironically, after several ups and downs, by the early 1980s the "oil glut" had actually lowered oil and gasoline prices from their earlier peaks; meanwhile, consumers had adjusted to the much higher level of gasoline prices compared to 1973. As a consequence, consumers began to purchase more large U.S.-made cars again.
TABLE 4
U.S. Labor Organization Membership, 1970-80
(numbers in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Union Members</th>
<th>Total Labor Force</th>
<th>Employees in Nonagricultural Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>Percent Union</td>
<td>No. Percent Union</td>
</tr>
<tr>
<td>1970</td>
<td>21,248</td>
<td>85,903 (24.7%)</td>
<td>70,880 (30.0%)</td>
</tr>
<tr>
<td>1971</td>
<td>21,327</td>
<td>86,929 (24.5%)</td>
<td>71,214 (29.9%)</td>
</tr>
<tr>
<td>1972</td>
<td>21,657</td>
<td>88,991 (24.3%)</td>
<td>73,675 (29.4%)</td>
</tr>
<tr>
<td>1973</td>
<td>22,276</td>
<td>91,040 (24.5%)</td>
<td>76,790 (29.0%)</td>
</tr>
<tr>
<td>1974</td>
<td>22,809</td>
<td>93,240 (24.5%)</td>
<td>78,265 (29.1%)</td>
</tr>
<tr>
<td>1975</td>
<td>22,361</td>
<td>94,793 (23.6%)</td>
<td>77,364 (28.9%)</td>
</tr>
<tr>
<td>1976</td>
<td>22,662</td>
<td>96,917 (23.4%)</td>
<td>80,048 (28.3%)</td>
</tr>
<tr>
<td>1977</td>
<td>22,456</td>
<td>99,534 (22.6%)</td>
<td>82,423 (27.2%)</td>
</tr>
<tr>
<td>1978</td>
<td>22,757</td>
<td>102,537 (22.2%)</td>
<td>86,697 (26.2%)</td>
</tr>
<tr>
<td>1979</td>
<td>22,579</td>
<td>104,996 (21.5%)</td>
<td>89,866 (25.1%)</td>
</tr>
<tr>
<td>1980</td>
<td>22,366</td>
<td>106,821 (20.9%)</td>
<td>90,657 (24.7%)</td>
</tr>
</tbody>
</table>


Characteristics of Union Growth

Unions historically have been strong in the blue-collar occupations but weak in organizing white-collar workers. However, as Table 5 shows, employment in manufacturing—the classic blue-collar industry—has been declining and, to make matters worse for unions, the percentage of union membership in manufacturing has also been declining. Consequently, the percentage of the nation's total unionized workers who are employed in manufacturing has been going down as well. Meanwhile, as Table 5 also shows, the number of workers and the percentage of union membership in nonmanufacturing industries and in public administration (government) has been rising.

There is a potential for additional union growth among female workers, who traditionally have not been as easy to organize as males. Whether or not women are organizable is part of an old controversy; some union leaders contend females will not join unions because many women are only temporarily in the labor force or are in jobs, such as clerical or sales positions, that are difficult to organize. Nevertheless,
<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Organized Workers in Manufacturing</th>
<th>Organized Workers in Nonmanufacturing</th>
<th>Organized Workers in Public Administration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>As % of Employed Wage and Salary</td>
<td>As % of Employed Wage and Salary</td>
<td>As % of Employed Wage and Salary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Workers in Manufacturing</td>
<td>Workers in All Industries</td>
<td>Workers in Public Administration</td>
</tr>
<tr>
<td>1973</td>
<td>7,867</td>
<td>38.8%</td>
<td>43.5%</td>
<td>1,240</td>
</tr>
<tr>
<td>1974</td>
<td>7,820</td>
<td>37.8%</td>
<td>42.9%</td>
<td>1,279</td>
</tr>
<tr>
<td>1975</td>
<td>6,697</td>
<td>36.0%</td>
<td>39.9%</td>
<td>1,334</td>
</tr>
<tr>
<td>1976</td>
<td>6,991</td>
<td>35.6%</td>
<td>40.2%</td>
<td>1,391</td>
</tr>
<tr>
<td>1977</td>
<td>7,159</td>
<td>35.5%</td>
<td>37.0%</td>
<td>1,598</td>
</tr>
<tr>
<td>1978</td>
<td>7,107</td>
<td>34.2%</td>
<td>36.4%</td>
<td>1,616</td>
</tr>
<tr>
<td>1979</td>
<td>7,568</td>
<td>35.4%</td>
<td>36.1%</td>
<td>1,853</td>
</tr>
<tr>
<td>1980</td>
<td>6,771</td>
<td>32.3%</td>
<td>33.7%</td>
<td>1,812</td>
</tr>
</tbody>
</table>

recent data tend to discount such beliefs, since during the 1970s women have accounted for a steadily increasing proportion of organized labor (see Table 6).

### TABLE 6

**Organized Employed Wage and Salary Women Workers, May, 1973-80**

(numbers in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Organized Women Workers</th>
<th>All Women Workers as a Percent of</th>
<th>All Organized Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>4,184</td>
<td>13.9%</td>
<td>23.1%</td>
</tr>
<tr>
<td>1974</td>
<td>4,268</td>
<td>13.8</td>
<td>23.4</td>
</tr>
<tr>
<td>1975</td>
<td>4,187</td>
<td>13.5</td>
<td>25.0</td>
</tr>
<tr>
<td>1976</td>
<td>4,431</td>
<td>13.6</td>
<td>25.5</td>
</tr>
<tr>
<td>1977</td>
<td>5,329</td>
<td>15.7</td>
<td>27.6</td>
</tr>
<tr>
<td>1978</td>
<td>5,499</td>
<td>15.3</td>
<td>28.1</td>
</tr>
<tr>
<td>1979</td>
<td>6,156</td>
<td>16.6</td>
<td>29.3</td>
</tr>
<tr>
<td>1980</td>
<td>6,056</td>
<td>15.9</td>
<td>30.1</td>
</tr>
</tbody>
</table>

**SOURCE** Bureau of Labor Statistics survey data reported in [4].

Probably more important than gender in determining union strengths and weaknesses are the characteristics of industries and occupations in which workers are found. In 1956, white-collar employment surpassed blue-collar employment in the United States. Therefore, whether or not American unions will continue to grow depends increasingly on their ability to attract white-collar workers. As seen in Table 7, white-collar union membership increased between 1973 and 1980. The results are, nevertheless, meager in the face of intensified efforts by unions to recruit white-collar workers.

White-collar workers can be organized and, indeed, some groups, such as actors, musicians, and airline pilots, are well organized. Others, such as office workers, engineers, and most other professionals, are not. Many white-collar workers identify with management and aspire to move up both economically and socially. Identification with unions would be harmful to such ambitions. Others tend to look upon unions as unprofessional. Many white-collar workers come from non-working-class families and consider strikes, grievance adjustment, collective bargaining, and other activities below their dignity and the status of their jobs. These workers also tend to consider merit the most equitable basis for compensation, while unions bargain for
### Uniform Wage Standards and Increases for All Workers in Their Jurisdiction

In contrast to Western Europe, the proportion of white-collar workers in the United States who are organized is small. But even in Europe most of the growth of white-collar membership has occurred since World War II. In Europe, governments frequently consist of socialist parties or have socialist leanings. Such governments encourage union membership for ideological reasons. Moreover, since many other economic groups in Europe are well-organized, white-collar workers there feel compelled to organize in self-defense.

White-collar union membership in the United States probably will increase slowly in the future—probably more slowly than the increase in total white-collar employment. Although government employment may increase and the growing size of white-collar work groups will tend to lessen the worker's identification with management and create the need for grievance-handling procedures, white-collar workers are nevertheless likely to want to give more emphasis to merit in promotion, which may make organizing difficult.

Some of the most dramatic increases in union membership in the last twenty years have been registered by organizations of public employees. For example, one of the largest public unions is the American Federation of State, County and Municipal Workers, which had a membership of 957,000 in 1981, up from 188,000 in 1961.

---

### Table 7
Organized Employed Wage and Salary White-Collar Workers, May, 1973-80
(numbers in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Organized White-Collar Workers</th>
<th>All White-Collar Workers</th>
<th>All Organized Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>4,312</td>
<td>12.0%</td>
<td>23.8%</td>
</tr>
<tr>
<td>1974</td>
<td>4,647</td>
<td>12.4%</td>
<td>25.5%</td>
</tr>
<tr>
<td>1975</td>
<td>4,662</td>
<td>12.2%</td>
<td>27.8%</td>
</tr>
<tr>
<td>1976</td>
<td>4,761</td>
<td>12.1%</td>
<td>27.4%</td>
</tr>
<tr>
<td>1977</td>
<td>5,977</td>
<td>14.8%</td>
<td>30.9%</td>
</tr>
<tr>
<td>1978</td>
<td>6,123</td>
<td>14.5%</td>
<td>31.6%</td>
</tr>
<tr>
<td>1979</td>
<td>7,092</td>
<td>16.0%</td>
<td>33.8%</td>
</tr>
<tr>
<td>1980</td>
<td>7,017</td>
<td>15.3%</td>
<td>34.9%</td>
</tr>
</tbody>
</table>

**Source:** Bureau of Labor Statistics survey data reported in [4]
Another example of strong union growth is to be found in the post office. The relatively new American Postal Workers Union (formed by the merger of the United Federation of Postal Clerks and four other postal-service unions) had 249,000 members in 1981.

Interestingly, the membership increases in unions of government employees have been greater than the increase in government employment. One reason for this growth is the tendency for salaries in public-service occupations to be below comparable ones in the private sector. In 1962, President John F. Kennedy's Executive Order 10988 encouraged self-organization and collective bargaining by federal employees. Unions of government employees have been more militant than most others. Many of these unions can make strong demands because they represent workers employed at tasks essential for the continued functioning of important services. Closely associated with the growth of organizations of public employees has been the rise of memberships in "employee associations" which are technically not unions. The largest of these employee associations in 1980 was the National Education Association, with 1,684,000 members or 60 percent of all association memberships.

The most significant gains in employment since 1962 have been in the service-producing industries—including government. Between 1962 and 1978, employment in this sector rose by 73 percent while employment in the goods-producing sector increased by only 25 percent [13, p. 65]. Hence, as might be expected, union growth has been greatest in the government and nonmanufacturing sectors. Since 1956 only the government sector has shown an increase in union membership both in absolute numbers and as a percent of total eligible membership [13, p. 65].

Union membership tends to be concentrated in certain sectors of industry. In 1978, 64 percent of the 24.4 million organized workers at that time were employed in six industry groups: government, 6.2 million; construction, 2.9 million; transportation, 1.7 million; services, 2.0 million; wholesale and retail trade, 1.7 million; and transportation equipment, 1.1 million [13, p. 65].

**Factors Affecting the Growth of Unions**

Examining some of the factors—economic, legal, political, and social—that affect the growth of unions in this country helps one understand some of their current and past problems. Union growth is complex and dynamic. The impact of any factor under discussion may be affected by the impact of others, and any factor important at one time may lose its force under different circumstances. For example, in
the past company towns existed in some remote areas. Company towns retarded the growth of particular unions such as textile and mine workers' unions, for in the days of such towns companies furnished housing accommodations in order to attract workers, and it was easy to control the workers in these towns: the company could threaten or act to deny housing to workers of whose behavior it disapproved. With the development of better roads, public transportation, and communication facilities as well as the general growth in automobile use, the company town declined as an obstacle to union growth.

**ECONOMIC FACTORS.** Among the economic factors that affect the growth of particular unions or of unions in general are business cycles, the size and nature of the product market, company size, geographic location, skill requirements, and the impact of wars. The business cycle affects union growth because, as a general rule, unions gain membership and power during periods of prosperity and lose ground during recessions or depressions. During prosperity the ability of unions to organize workers and the likelihood of unions' winning strikes increases, both because employers like to keep production going while the market for their products is strong and because there are shortage of workers. What is more, during prosperity employers are more likely to be able to pass any wage increases or other higher labor costs on to consumers in the form of higher prices. Unions increase in power in prosperous periods since organized labor's coffers become fuller from the payment of union dues because more of their members are employed and because membership increases; the latter rise also yields an increase in payments of initiation fees.

During recessions or depressions, employers are not under pressure to give in to union demands. In fact, a recession presents an opportunity to employers to reduce costs. The deep recession of the early 1980s saw many workers either accept wage cuts or wage freezes or lose their jobs. An atmosphere of "concession bargaining" existed. The bleak economic outlook of the early 1980s, changes in markets, foreign competition, increased employer resistance, a less than favorable public attitude toward unions, and the diminishing psychological boost from past union victories all produced an atmosphere among unions and their members that the "American dream was fading." As a result, the mood of workers became more conciliatory, and it was again proved that the ability of unions to protect workers' wages and jobs in severe recessions is a limited one.

---

5 Such towns included company stores, company churches, company doctors, etc., since such services were often not otherwise available. Workers were sometimes required to buy in the company store, even though goods were cheaper elsewhere.
Wars can also play an important role in the growth of union membership. Wartime prosperity increases union power because wars are usually accompanied by labor shortages. In addition, during wars, the government is more likely to have a favorable attitude toward unions. The government seeks union cooperation to prevent strikes and increase war production, and it appoints union leaders to important positions in the war effort. Tolerance by the government and shortages of labor often result in increased union membership during and immediately after wars. However, some of the gains in union membership during wars may be difficult for unions to retain afterward.

After World War I, the American Plan and open shop movements resulted in a decline of union membership in the 1920s. By contrast, while some unions lost membership following World War II, total membership (for all organizations in the United States that can be classified as unions) increased about 55 percent between the end of the war and toward the end of the 1970s. But in the early 1980s, a decline in membership occurred. Since unions in the past have gained considerable membership during economic recoveries after long periods of economic difficulties, we believe that union membership will probably recover or grow again if the later 1980s prove to be mainly years of prosperity.

Probably one of the most important influences on union growth has been the geographic spread of markets. As noted earlier, in the first decades of the 1800s unions were local or isolated in nature and rarely came into contact with each other. With the introduction of industrialization and the spread of product markets, workers in isolated markets came into direct relationships and competition with each other. Union organization took place in order to protect wages and working conditions.

Perhaps the classic example of the spread of markets is that of the Philadelphia cordwainers (shoemakers) chronicled by J. R. Commons [5, pp. 3-21]. Before industrialization, shoemakers made shoes on the basis of custom orders and, somewhat later, on the basis of local supply and demand conditions. But with the development of a nationwide market, shoemakers faced competition from other shoemakers in other parts of the United States. Improvements in communications and transportation made it possible for employers in the shoe manufacturing industry to obtain labor and materials from the cheapest markets. In order to minimize or prevent wage competition, local unions of shoeworkers, as well as other local unions representing craftsmen, began to form national unions. The spread of the market revealed the workers' common interests and the desirability of organizing to protect and promote those interests.

Another factor influencing the growth of unions has been concentration in manufacturing industries; that is, certain markets are served by industries in which a few firms have considerable
monopolistic control. One means of analyzing market control utilizes concentration ratios. If an industry's concentration ratio is high, the firms in it can tolerate unions more successfully than can firms in a highly competitive industry because firms with monopolistic power usually are able to pass increased labor costs on to consumers in the form of higher prices.

Ironically, the first edition of this book cited the domestic steel and auto industries as examples of industries with both high concentration ratios and strong unions. In 1976, when the first edition was published, strong foreign competition in steel and auto manufacturing was just beginning to be felt in the United States. Since then, worldwide competition has reduced industry and union power in the steel and autos industries considerably.

Firms in industries that long faced intense foreign as well as domestic competition, such as apparel firms, have for many years resisted the pressure of unions to increase wages. Without offsets in the form of higher productivity, increased wages could mean higher costs for these firms that might cause them to raise prices and lose sales to other—perhaps foreign—firms with lower labor costs.

Firm size is another factor affecting union strength: Union membership tends to be concentrated in large firms because most large firms have large plants, and these are easier to organize than smaller ones. The cost of organizing workers who are members of a large work unit is lower than the cost of organizing a number of smaller firms or plants with the same number of workers. Perhaps even more important is the lack of a close working relationship between employer and employees in larger firms. The resulting "distance" between employers and workers leads employers to establish what may be perceived as arbitrary rules to govern wages, hours, and working conditions. Workers react to such rule-making by organizing in unions in an attempt to influence or modify both the one-sided procedures and the rules.

Skill levels are another important factor determining union growth. In many craft unions, the workers' investment in acquiring skills gives them a common interest to protect. Unions of skilled workers have protected such interests by controlling entrance into the various crafts and their related unions, which, in turn, enabled these unions to control the supply of labor to employers. Such a situation makes unions more powerful because workers are more difficult to replace during strikes.

---

6 The concentration ratio refers to the share of the market accounted for by the four or a few largest firms in the industry. If, for example, the four largest aluminum companies accounted for 90 percent of the sales of primary aluminum, the concentration ratio in the aluminum industry would be 90.
Some unions, however, have been able to acquire strength and power without memberships composed of highly skilled workers. Such unions are typically located at strategic points in the production or distribution of goods. The teamsters, mine workers, and electrical workers are good examples of this kind of union. The strength of these unions is due not to the skills their members possess, but to their ability to inflict losses on employers by refusing to work at critical tasks.

**POLITICAL AND LEGAL FACTORS.** Public opinion influences legislation and government attitudes that may stimulate or retard union growth. Ironically, however, there seems to be an inverse relationship between public support of unions and their economic power. During the great depression of the 1930s, unions had an underdog image and the consequent sympathy of the public; yet, during this period unions were weak. However, unions experienced considerable growth during and immediately after World War II, when they were no longer considered underdogs and public support for them had waned.

Laws and court actions also have influenced union growth. As already discussed, legislation and the actions of courts were hostile to unions and their growth before the 1930s. In the 1930s and 1940s the pendulum swung the other way with the passage of such legislation as the Norris-LaGuardia and Wagner Acts. But after World War II, the pendulum swung back again. Congress passed the Taft-Hartley Act of 1947, an act that specified which labor union practices were to be deemed unfair, and the Landrum-Griffin Act of 1959, whose purpose was to cleanse unions of corruption and racketeering. At the same time “right to work” laws were passed in a number of states—mainly those located in the South. These laws sought to prevent unions and employers from entering into contracts that made union membership or the payment of union dues a condition of employment. Such legislation hobbles union growth and enables states to advertise an environment attractive to employers who may be seeking to escape or avoid unionization.

**SOCIAL FACTORS.** The effect of social factors on union organizing is more difficult to assess. The issue of race (especially with reference to blacks) has plagued unions for a long time. In the South, when the AFL launched its southern organizing campaign in the 1890s, racial segregation was a fact of life. Consequently, it was accepted by the AFL because the organization was weak and did not wish to alienate white workers. Blacks were not organized and sometimes were used as strike-breakers, which left a residue of hostility between blacks and white union leaders. Later, black locals were affiliated directly with the national AFL in order not to raise or increase problems with all-white locals.

In the late 1930s and early 1940s, blacks were sought after by
competing AFL and CIO unions. An attempt was being made by both the AFL and CIO unions to organize black workers, who were important to both federations after the Railway Labor Act and the National Labor Relations Act gave workers the power to select bargaining representatives.

The passage of civil rights and other social legislation two decades later in the 1960s put tremendous pressure on unions to desegregate and open their doors to all ethnic groups. Many international unions have done so, and discrimination clauses are no longer found in their constitutions. Nevertheless, many members of the more craft-based unions still believe that all persons must go through an apprenticeship-journeyman process before they are admitted to a trade. Such a process is necessary, they argue, to protect the quality of work, and, of course, the level of wages paid. Many blacks have looked upon this requirement as thinly disguised discrimination.

Pressure and progress initiated by the government, AFL and CIO, and in many cases, the international unions, have slowly increased the number of blacks in craft unions, and there has been considerable progress in the admission of minorities to apprenticeship programs. In 1960 there were only a little more than 2,000 minority apprentices in the United States, or just over 2 percent of the total. By 1967, minorities constituted 6 percent of all apprentices and by 1973, there were 42,502 minority apprentices out of a total of 283,774. In 1979 minorities constituted about 18 percent of all apprentices according to figures reported by the Bureau of Apprenticeship and Training, U.S. Department of Labor. Much of the success in getting minorities into apprenticeship programs is due to apprenticeship outreach programs that recruit, train, and place minorities into apprenticeships [9].

It is difficult to assess the net impact of discrimination on union growth after the 1930s since male members of minorities—when given the opportunity—have joined unions more readily than male whites. Obviously, union growth was impeded whenever minority workers were excluded for racial reasons. Employers often used racial arguments against unions during organizing campaigns before the 1960s, although this tactic apparently had only a marginal effect on union growth and strength [9].

As mentioned previously, class consciousness in the United States is weak and when a union pushes class division as an issue it usually alienates the public, the government, employers, and even the workers. One reason for the absence in the United States of the strong class lines found in many parts of Europe has been the relative freedom American workers have had to better their economic status. Individualism, or the importance of what individuals can do for themselves, has been part of the American mystique. The philosophy of individualism, of course, is not conducive to collective action or union growth.

The impact of other social factors, such as religion, is even more
difficult to assess. In some areas the Catholic church, officially or unofficially, has supported unions. Especially notable have been the efforts of the Catholic church in supporting the organizing of agricultural workers. Yet, some churches, particularly among the minor sects, have opposed unionization while other religions have bypassed the issue in line with their frequent practice of avoiding social issues.

OTHER DEMOGRAPHIC AND SOCIAL FACTORS. A number of additional demographic and economic factors have influenced union growth in the past thirty years. Unions have had difficulties in adjusting to changes in the labor force, in the nature of occupations, and in the structure of industry, as well as in the geographic location of jobs.

In the early 1980s, the labor force included more women, more youths, more educated workers, and more part-time and temporary workers than in the past, and these trends seemed likely to continue for the rest of the decade. If these trends persist, several consequences may well ensue. For example, more highly educated workers may wish to have greater participation in job decisions than their predecessors. And if history is any guide, youths, the more educated, and women may generally prove more difficult to organize than those who dominated the labor force in the past.

It is important to the prospects for union growth that the labor force participation of women is expected to constitute two-thirds of the increase in the U.S. labor force during the 1980s. In 1950, 77 percent of American families with both spouses present were headed by men whose income was the sole source of family income. By 1982, this once-traditional model accounted for less than 50 percent of the families with both spouses present. Put slightly differently, in 1982 the female spouse in slightly more than 50 percent of the married couple families in the United States was in the labor force and at work.

In addition to changes in the composition of the labor force, employment in manufacturing, where most blue-collar work is found, increased very little in the past thirty years or so. Consequently, from 1953 to 1983, employees in manufacturing fell from 35 percent of all employees in nonagricultural industries—including government—to about 20 percent. Excluding government, the fall was from about 40 to 25 percent. In the early 1980s, the majority of jobs in our economy were found in service-related industries and firms, many of which are more difficult to organize due to their smaller size. (Most of the job growth during the 1970s was in relatively small plants with fewer than twenty employees.) Another important change has been the movement of jobs from the urbanized "frost belt" of the North to rural areas and to the "sun belt" of the South, areas in which the economic and social environment is less favorable to unions than in the North.
Some fundamental changes have occurred in the U.S. economy between the 1950s and the 1980s. Consumer tastes and preferences for goods and services have changed, partly in response to new products, partly because of social changes. The economy is more internationalized than it was in the 1950s. For example, merchandise imports were pushing past 20 percent of U.S. gross national production of goods in 1983 compared to about 5.5 percent in 1953. The U.S. economy has become more mature and therefore relies more heavily than before on the production of services. With the arrival of industries such as aerospace products, computers, microchips, biogenetics, etc., technological changes have had and are having immeasurable impact on the U.S. economy and society. Moreover, an increasing proportion of the world's total output is controlled by multinational corporations, which shift production to low-wage nonunion areas in the United States and to Third World countries. Some unions are organized internationally, but up to the mid-1980s no unions had developed effective means of organizing or of dealing with multinationals on a world scale.

It is hard to tell whether the types of changes mentioned above—including their effects on the structure of occupations and unionization—will slow, moderate, or increase. In any event, from the perspective of the mid-1980s it appears that unions may have to be more flexible as well as more aggressive in their organizing goals and methods in order to survive in good health.

Unions are also facing important demographic changes. Because of their enlarged numbers, members of the "baby boom" generation of the post-World War II years who are now reaching mature ages may face heavy competition for jobs. Since this competition will tend to keep wages lower than otherwise, the result may prove beneficial to union organizing. Moreover, the decline in the numbers of young people entering the labor force as a result of the "baby bust" that followed the boom may also help unions. Young people are usually more difficult to organize and, therefore, since the average age of the labor force is in the process of rising, union membership should grow accordingly. On the negative side, even though the number (and percentage) of women organized in unions has increased, organized labor has historically displayed a reluctance or a lack of aggressiveness in its efforts to recruit women.

The growth patterns of unions are also strongly influenced by either the employer's willingness to deal with unions or the ability of unions to force employers to bargain with them. In general, unions will be more powerful and will grow if the skills possessed by the workers subject to organization are complex, the attitude of employers is favorable, the particular industry is concentrated and strategically located, the times are prosperous, the opinion of the public is favorable, and if unions are aggressive but yet adaptable enough to
respond to changing economic and social conditions.

Nevertheless, it seems that the change in the balance of the economy from a goods-producing to a service-oriented one, and the shift of workers from blue-collar to white-collar occupations will make future union growth difficult. In addition, the declining size and increased heterogeneity of work forces in a particular place of employment, the movement of employers to rural areas, and intensified international competition are all trends that will make it more difficult for unions to continue to grow by their traditional methods.

The fall in the ratio of union membership relative to the nonagricultural work force, the declining membership in some traditional union strongholds such as the automobile and steel industries, the growth of nonunion employment in highly organized industries such as construction and transportation, combined with the trends discussed in the previous paragraph, cause some observers to believe that the influence of unions and collective bargaining will continue to wane. Readers who have followed us to this point should interpret such predictions with considerable caution. The basic reason workers join unions is because they have job-related problems they cannot solve individually or through market forces. This basic reason is not likely to change. Moreover, unions have never grown at a steady pace relative to the work force, but in sudden spurts because increases in union membership have frequently been associated with unusual and unpredictable events. Finally, it is difficult to conceive of a free and democratic society without a relatively sizable, free, and democratic labor movement.

REFERENCES FOR CHAPTER 3

1. AFL-CIO Internal Memorandum, May 7, 1982.


In general, unions fare better in terms of membership growth and financial strength when the economy is robust. Indeed, all workers—union as well as nonunion—have a vested interest in a healthy economy. A strong and growing economy creates jobs for workers and is able to provide increasingly higher real wages and, therefore, a rising level of living. Unions, therefore, are concerned about trends in employment, output, prices, foreign trade, productivity, technological change, social security, and so on. Economists treat such overall problems and issues under the division of their subject called "macroeconomics."

Unions, workers, management (and the government) also interact with each other at a level economists denote as "microeconomic." Microeconomics, which is the subject of the next chapter, refers to the study of what happens below the national level—at the industry, business, household, individual, and state and local government levels. Specifically, it involves how resources are combined to produce goods and services.

In this chapter we examine the role that unions play at the national (or macro) level, specifically, the position of organized labor on unemployment and inflation policies. We shall also examine the effect that unions have had, or have been perceived to have had, on the structure of wages and labor's share of total national income in the United States. We will also discuss organized labor's position on technological change and economic policy such as wage-price controls or guideposts.

In discussing the macro- and microeconomic impact of unions, we should also keep in mind that unions are institutions that have political and social functions. Hence, as political and social organizations they can have goals and objectives that may be as important as their economic ones.

**Economic Goals and Objectives**

All peoples, regardless of their form of government or economy, have economic goals and policy objectives. Goals are necessary so long
as nations (and their residents) have needs and desires that exceed their resources. Since this is true everywhere, peoples must choose among alternatives for their collective desires. Choices, once made, often result in economic policies that reflect compromise. Not only may a nation's economic policies reflect a mixture of goals, but choices also necessitate that some goals be given up. Further, some goals are usually conflicting. Hence, the most difficult task of all choice-makers—such as of Congress and the Executive Office of the President—is to choose economic policies that reflect the nation's concerns while attempting to maximize the welfare of its residents.

A brief list of the possible goals of an economic system appears below. Some of these goals are specific to our economic system while others are common to all.

1. **Full employment**: The utilization of all resources to capacity; includes the opportunity for all who want to work to find a job.

2. **Price stability**: The achievement of a general price level that is subject to neither inflation or deflation.

3. **Economic freedom**: The right of each person or organization to make choices in the marketplace and to pursue a legal livelihood or business activity.

4. **Economic growth**: The production of increasing amounts of goods and services per capita over the long term.

5. **Economic equity**: A distribution of income after taxes and other government payments that ensures a basic amount for all persons.

6. **Environmental quality**: An environment—outdoors, in homes, in workplaces, etc.—that safeguards the health and welfare of present and future generations.

7. **Economic security**: Protection against various economic risks over which people have little or no control, such as unemployment, bank failures, destitution in old age.

8. **Economic efficiency**: Getting the maximum benefits at minimum cost from our limited productive resources.

9. **Equitable tax burden**: A tax system that has a minimal effect on economic efficiency. The system should also take into account ability to pay.

**Economic Policy after World War II**

**DEMAND MANAGEMENT.** In the United States, converting the goals listed above into an economic policy varies with economic conditions as well as the political views of Congress and the President.
After World War II, economists and politicians were very much concerned with sustaining economic growth. They feared a return to the high unemployment and idle plant capacity that characterized the 1930s. In essence, the basic policy issue was whether or not we could sustain the level of economic activity achieved during World War II.

Since World War II, U.S. economic policy (and that of a large part of the Western world) was mainly dominated by demand management. Demand management stems from the ideas of John Maynard Keynes (a British economist famous for his *General Theory of Employment, Interest, and Money*, published in 1936) and his disciples. Keynes (or what is referred to as Keynesian economics) analyzed the then recent experience of underemployment of resources and concluded that when an economy is not maintaining full employment government action can assist in achieving better results. Through the use of monetary and fiscal policies, a nation's economy, it was said, can be kept on a path of growth. Hence, it was argued that whenever a nation's economy is sick, the use by the government of monetary and fiscal tools can improve economic performance.

Specifically, through monetary policy—which is the responsibility of the Federal Reserve System in the United States—the supply of money can be increased at times when resources are underutilized. By thus decreasing the cost of loans—i.e., by lowering the interest rate—to businesses, government can promote investment by firms and consumption by consumers. Fiscal policy involves government action on taxes and expenditures. To promote recovery or growth, fiscal policy can be used to reduce taxes, increase expenditures, or both, as means of stimulating demand.

Keynesians considered government intervention necessary because they believed market forces cannot be relied on to automatically produce a full employment level of income or demand. During periods of high inflation or excessive economic activity, Keynesians believed their policies could be used to tighten the money supply, reduce government expenditures, and increase taxes in order to cool an overheated economy.

Keynesian economics dominated economic policy through the 1960s. Since then, Keynesian critics argue, structural changes in economies have drastically reduced the effectiveness of demand management. Demand management does not appear to be a cure for the coexistence of inflation and high unemployment (stagflation), as occurred in 1970-71, 1974-75, and again at the beginning of the 1980s.

**SUPPLY-SIDE ECONOMICS.** The 1970s and 1980s brought different economic conditions and problems to economic policymakers. As a
result of the inflation, real hourly earnings tended to decline. Further, U.S. internal economic problems were worsened when oil prices soared as a result of the 1973-74 OPEC embargo (oil prices then quadrupled) and the 1978-79 Iranian crisis, when oil prices doubled again from an already high level.

In the late 1970s, an alternative set of economic policies was proposed to revive economic growth and reduce inflation. A number of economists who are generally grouped together as advocates of "supply side" economics put forth the belief that output does not always respond automatically to higher money demand. Their general argument is that in order for production to increase, businesses and individuals must perceive higher rewards for working and investing. The supply-side remedy for a stagnant economy is to provide incentives to work and save as a means of increasing investment, productivity, and output. Specifically "supply-side economics can be defined as a study of policies designed to stimulate economic growth and positive price stability through various measures that affect the supply of goods and services. These measures include lower taxation, increased savings, greater investment and stronger work motivation" [1, p. 3].

Supply-side economics is rooted in classical economic doctrine as developed by Adam Smith, David Ricardo, John Stuart Mill, and Alfred Marshall, among others. It is a doctrine that rests on the existence of economic freedom, self-interest, competition, and laissez faire (limited government intervention) in order to work successfully. It assumes more or less perpetual full employment and that supply creates its own demand. Supply-side economists would in general advocate changes in government policies along the following lines and on the following grounds [2]:

1. Modify entitlement programs because they have eroded work incentives;
2. Reduce tax rates as needed to reduce the U.S. tax system's bias against effort, saving, and investment;
3. Change the antibusiness climate which fosters excessive government regulation that in turn restricts economic progress;

1 That is, the buying power of earnings—the buying power of a dollar in terms of the goods and services it could purchase—declined.
2 Although the concepts of supply-side economics have long been present in the macroeconomic analysis of savings, consumer behavior, labor supply, and other specific aspects of economic life, supply-side economics as a macroeconomic perspective emerged only in the late 1970s. (For further discussion on the subject see Ray Marshall et al., An Economic Strategy for the 1980s [Washington, D.C.: Full Employment Action Council and the National Policy Exchange, 1982].)
4. Modify demand management programs because they create inflationary expectations.

5. In general, government should play a smaller role in the economy and the private sector a larger one because private economic decisions are more fruitful than government decisions.

MONETARISM. Often associated with Milton Friedman and the "Chicago School" of economics, monetarism became particularly prominent during the 1960s and 1970s and began to have a significant impact on U.S. monetary policy and the Federal Reserve system in the mid-1970s. It came to dominate monetary policy in late 1979 with the conversion of the Federal Reserve Board to the concept of fixed targets for the growth of the money supply. Within a few years, the Federal Reserve modified its monetarist stance.

Supply-side economics coupled with monetarism became popularly known as Reagonomics after the election of President Reagan. The exact composition of Reagonomics or the Reagan administration's economic policy has tended to fluctuate in part due to conflicting opinions in the administration and cross-currents in Congress as well as to the main economic problems of the early 1980s. More specifically, the presence of inflation and unemployment at the same time as well as anxieties about the size of the federal budget deficit made it difficult to pursue a thorough Reagonomics policy and have led to added doubts about whether it would work. It should be added that the monetarist aspect of Reagonomics—control of the money supply as a major tool of economic policy—maintained a wide degree of acceptance, especially as a means of controlling inflation.

Productivity, Wages, and Economic Growth

Before discussing the impact of unions on macro or national economic policy, it is appropriate to discuss productivity and the level of wages in the United States. Rising productivity—increased output per worker hour—has made possible today's high standard of living. High productivity and the high wage rates it makes possible plus the large size of the American market have allowed mass production to develop faster than in most countries. High wage rates may be viewed as both a cause and effect of mass production which utilizes the latest technology.

Much attention has been given to analyzing the causes of the decline in labor productivity—the output per hour of persons at work—of the very late 1970s and early 1980s, and of its sluggish performance earlier. To begin with, part of the productivity problem may be due to the fact that four recessions took place between 1970 and 1982, and productivity suffers during such periods. If the succeeding years turn out to be primarily ones of prosperity rather
than recession, that would be beneficial to the growth of productivity. Productivity in nontarm industries did increase by 3.3 percent in the economic recovery of 1983, but it remained to be seen if the longer term trend would return to the more than 3 percent annual average gains of the mid-1950s to the mid-1960s, or even to the 2.2 percent annual average gains of 1965-73.

Secondly, part of the reduction in productivity growth is perhaps due to the ending or slowing-down of the shift in labor from farming to other industries. Productivity is higher in nonagricultural industries than in agriculture, so if the labor shift from farms slows, so does the growth of national productivity. Thirdly, part of the slowdown in productivity may be attributed to a slowdown in the rate of capital formation, that is, in the amount of new machinery, factories, commercial buildings, trucks, planes, etc., put into use for the production of goods and services.

The decline in productivity growth (ordinarily measured in terms of real output—i.e., the value of output adjusted for inflation—per unit of labor input) has become a cause of considerable concern in the United States since 1965. If the statistics are not wrong (and they could be), there is justifiable fear that the slowdown in productivity growth will diminish our status as a world power, impair our international competitiveness, slow or discontinue improvement in our levels of living, and intensify tendencies toward national disunity as interest groups struggle to maintain their relative positions in an economy with little or no economic growth [4]. While the decline in productivity growth did not cause our patterns of inflation, unemployment, and sometimes even declining real incomes during the 1970s and early 1980s, it probably made them worse.

We must, however, keep the productivity problem in perspective. Although there is general agreement that there has been a slowdown in the growth of productivity in the United States relative to previous years and relative to some other countries, the average real levels of worker productivity are still higher in the United States than in other countries. This has made it possible for American workers to have relatively high real wages, even though other countries, notably Germany, Japan, and France, are closing the productivity and income gaps.

---

1. Productivity rose at an average annual rate of 3.0 percent from 1948 to 1973, but at only 0.9 percent from 1973 to 1983, and a good part of the latter was due to a nearly 4.0 percent rise in 1983 alone.

2. Research by the U.S. Department of Labor and work done for the World Bank have concluded that even when measured in a very sophisticated way— including avoidance of the possible misleading effects of foreign exchange rates—when put on a comparable basis, the United States still has the highest per capita income in the world.
Nevertheless, our relatively low rates of growth in productivity through at least 1982 weakened our competitive position in international trade by contributing to a rise in unit labor costs (wages minus productivity growth) relative to the experience of countries like Japan, which had relatively high rates of productivity growth and relatively moderate increases in wage rates. In 1979, for example, Japanese manufacturing productivity rose by over 8 percent and total hourly compensation increased by 7 percent, causing unit labor costs to decline slightly. In the United States, by contrast, manufacturing productivity fell slightly and total hourly compensation increased by 9 percent, so unit labor costs increased by almost 10 percent. Real wages of manufacturing workers in the United States declined because the Consumer Price Index (CPI) increased by 13.3 percent compared to the 9 percent increase in compensation, while real wages in Japan increased because its CPI increased by only 3.6 percent compared to the 7 percent increase in compensation.

The reasons for the higher productivity growth in Japan are not completely understood, but the most common ones given are the cooperative and efficient Japanese management system, the cooperative relations between the private and public sectors, and a comprehensive economic policy that enables Japan to experience low levels of unemployment and inflation and relatively high rates of economic growth.

Lower productivity growth also contributed to relatively lower wage increases for workers in the United States during the 1970s than for workers in other industrial countries. Indeed, workers in the country with the next lowest increase in hourly compensation in manufacturing (Switzerland), enjoyed more than twice the increase of U.S. workers. Between 1970 and 1979, for example, hourly compensation in real terms (i.e., after correcting for inflation) in manufacturing increased as follows, according to an analysis by Citibank (New York):

<table>
<thead>
<tr>
<th>Country</th>
<th>1970</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>74</td>
<td>73</td>
</tr>
<tr>
<td>Italy</td>
<td>67</td>
<td>64.5</td>
</tr>
<tr>
<td>Switzerland</td>
<td>73</td>
<td>74</td>
</tr>
<tr>
<td>United States</td>
<td>64</td>
<td>63</td>
</tr>
</tbody>
</table>

The competitive position of the United States must be kept in perspective. Unit labor costs—the hourly compensation per unit of production—increased more slowly in the United States than in its

---

5 Hourly compensation includes payments for fringe benefits such as medical, life insurance, and retirement programs in addition to hourly earnings.
major competitors during the 1960s (on average, 1.9 percent annually, compared with 5.7 percent for Japan and West Germany, 3.1 percent for France, and 4.1 percent for the United Kingdom). Moreover, the main reason for the decline in the competitive position of the United States since 1973 has not been due to increasingly higher labor costs, as is often argued. Wage rates increased more slowly in the United States than in any other industrialized country from 1960 through at least 1980. Rather, the U.S. disadvantage has been due partly to lower measured productivity growth, and partly to advantages exporters in Germany and Japan have over the United States because their governments collaborate more effectively with the private sector in export promotion.

The empirical research conducted on the cause of the decline in productivity until 1982 has not come to uniform conclusions. [10] For example, the Economic Report of the President, January 1980 did not find that sharply higher energy costs had much effect on productivity. However, Dale Jorgensen of Harvard, in an assessment of the effects of capital, labor, energy, and material costs plus the level of technology on the prices of products, concluded that the single most important cause of declining productivity in the U.S. from 1977 to the beginning of the 1980s was the staggering rise in the cost of energy [10]. Other researchers have noted the effect on productivity of a number of factors which include: changes in the age-sex composition of the labor force; an apparent slow down in the rising ratio of capital to labor in American industry; the leveling off of research and development expenditures in the 1960s; the diversion of investment to pollution-abatement expenditures; the maturation of many industries that use little new technology; and changes in attitudes toward work, toward employers, and toward society [3]. Research obviously needs to continue to determine the importance of these variables.

Unions and Economic Policy

Union economic policy has traditionally followed the high wage-purchasing power philosophy of Keynesian demand management. Unions argue that high real wages mean a high standard of living for workers as well as insuring a demand for goods and services that ultimately results in more job creation. Consequently, the union position is to ignore fiscal and budget deficits and, in general, to favor deficit financing during recessions and periods to help sustain or lead to full employment. This philosophy is associated with organized labor’s desire to maintain the institution of collective bargaining in a free society. Often, collective bargaining raises the wages of union workers and, in turn, cause inflation?
UNION IMPACT ON INFLATION AND UNEMPLOYMENT. The answer to the question whether or not unions cause inflation is "yes and no." Further, whether it is the appropriate question to ask is debatable. Those economists and policymakers who tend to say "yes" are those who also believe that there should be no government or other intervention in markets. Unions, it is contended, interfere with the operation of the free market forces affecting demand and supply which determine wages and employment. Unions restrict the supply of labor or raise wages through collective bargaining above the level that would exist in a free market economy. If, in a fully employed economy, the Federal Reserve creates enough money to finance larger wage payments, the result will be increases in the general price level—i.e., inflation. Others believe that the economy is far from being a free market one, and that all participants in production are involved in the inflationary process.

Inflation resulting from wage or profit levels "pushed up" by labor or business may indeed exist. However, research has so far not come up with conclusive answers. On the whole, there is little support among economists that collective bargaining has been an initiating cause of major inflation since World War II [7]. At the same time, research indicates that unions may have considerable influence on wage-push inflation because:

1. Widely publicized collective bargaining settlements and regulations in one industry set a pattern for other industries.
2. Collective bargaining contracts have increasingly become multiyear agreements, often lasting two to three years.
3. The multiyear agreements have been accompanied by "escalator" clauses—i.e., cost-of-living provisions—which call for automatic wage increases as the level of prices rises.

Given consensus on at least these three effects, economists have tended to substitute and answer a different question from that asking whether labor unions cause inflation, namely: If we are not sure whether unions do or do not cause inflation, do they add to it? [5]. Since the major causes of inflation appear to be found elsewhere, perhaps one day there will be consensus as to whether unions cause inflation or merely add to it. In the meantime, Daniel J. B. Mitchell [5] has summed the situation up quite well by noting that since:

initiating causes of American inflation are mainly monetary and fiscal policies and exogenous price shocks, wages might appear to play little part in the process. But it [collective bargaining and wage determination] is an important element in explaining the perpetuation of
inflation. The wage-price spiral is not a figment of some editorial writer's imagination; it is very real and flourishing in the modern American economy.

Although unions strongly support a full employment economic policy, unions may actually cause unemployment in certain instances. (This issue will be discussed in detail in the next chapter.) In general, however, it is thought that higher wage rates cause employers to become more consciously cost-effective and to possibly substitute capital for labor. It also appears that no serious distortions in the functioning of an economy such as ours are involved. In fact, Mitchell [6] states that:

[if] unions raise the union wage above its competitive level, then employment and output in the union sector will fall as employers substitute capital for labor and unit costs rise. If labor markets were frictionless, then adjustments would occur so as to reduce the non-union wages and maintain the total employment level, though some loss of output would nevertheless be experienced. Under less restrictive assumptions, however, it is likely that both output and employment would fall since labor markets normally display marked imperfections. However, empirical estimates of the output and welfare losses resulting from trade unions wage effects appear to indicate that these losses will be negligible.

**UNION POSITION ON INCOMES POLICIES.** During a period of inflation, a policy of monetary restraint means that the inflexibility of union wages causes unemployment to rise rather than wages to fall [7]. Moreover, real gains in wages are not made if price increases neutralize wage increases. Unions, hence, may be faced with a choice between wage restraint (and stable unemployment) or unrestrained increases in money wages and increased unemployment [7]. In order to avoid increased unemployment and to control inflation, governments often adopt incomes policies. These policies sometimes take the form of wage and price controls and sometimes of price and wage guidelines. Both have the common objective of restraining wage and price increases.

Incomes policies have had a poor record throughout the world, including the United States. Government wage and price controls have tended to distort the functioning of markets—i.e., have prevented people from acting on their own self-interests—and have, by and large, had only short-run effects [7]. Unions in the United States object to these policies since unions perceive them as a restriction on the institution of collective bargaining. Not only do unions abhor such government regulations but unions also see that governments tend to be more successful in controlling wages than prices. Unions are also
quick to point out that while wage or cost-push forces are inflationary they do not cause inflation. If inflation is a monetary phenomenon caused by a number of demand-related factors, incomes policies will have little success in reducing the general level of prices. However, incomes policies can affect particular prices although they cannot assure how large supplies of goods and services will be at those prices.

UNIONS AND PRODUCTIVITY. As previously noted, in a recession, productivity growth tends to be low or negative. Productivity growth is in general strongest when employment is rising and demand in the economy is robust.

Controversy surrounds the role that unions play with respect to productivity at both the macro and micro level. Unions are perceived by many as being against anything which would increase productivity. Obviously, this would be a very shortsighted view, because increased productivity enhances production, which leads to higher wages and greater demand for goods and services. As the economy is asked to produce more, employment opportunities may also increase. Nevertheless, as we will see later, unions in the short-run may pursue policies at the firm and industry level which may inhibit the introduction of technological change or other methods by which goods and services are provided more efficiently—inhibitions which hamper the rise of productivity.

Unions are particularly sensitive to the charge from business that the major cause of declining productivity is the laziness of the American worker or the lack of attention to the quality of products due to a decline in the work ethic [8]. As mentioned earlier, there are many reasons why productivity in the U.S. dropped off in part of the 1960s and in the 1970s.

When productivity grows, unions ask that their members—indeed that workers in general—share in the benefits of such growth. Hence, among the items subject to negotiation through collective bargaining is how much of the benefits of increased productivity are to go to workers.

UNIONS AND THE DISTRIBUTION OF INCOME. A nation’s productive efforts generate the national income which its people earn. Labor, land, and capital (the factors of production) are employed to produce the national income which is distributed to workers (in the form of wages or salaries), to the owners of land (rent), and to the owners of capital (interest and profits). It is often asked whether organized labor has been able to influence this distribution. Viewing labor and the returns to labor in their broadest form, on the order of 75 percent of the national income is paid for the services of labor.

Has the share of national income going to labor (all workers) increased? In other words, has the institution of collective bargaining, by influencing wages and hours, altered the distribution of national
income? The observed facts of the distribution of income over time show a fair degree of stability in relative factor shares after adjusting for employment changes. However, there is some empirical evidence that indicates union-engineered wage increases have increased labor's share of national income from time to time [7]. Because of short-run market imperfections, unions may affect the distribution; however, long-run changes in factor shares are mostly due to underlying trends in the economy.

UNIONS AND HUMAN RESOURCE POLICY. In the past forty years, unions have supported a wide range of economic policies or programs that fit the overall policy called "demand management." More specifically, organized labor usually supports tax cuts to stimulate spending and job creation as well as endorsing job creation programs. It has also supported increases in the federal minimum wage laws. While these increases put a floor under wage negotiations and may even tend to have an upward effect on wages negotiated through collective bargaining, most economists believe that minimum wage laws tend to lower job opportunities for the lowest paid workers—especially unskilled youths. Organized labor also traditionally supports legislation that benefits all workers, such as unemployment compensation and workman's compensation.

Future Economic Policy—A Summary

Keynesian demand-management techniques started to become less effective in the late 1960s because of structural changes in the U.S. domestic economy and because of international economic shocks which created domestic inflationary pressures. These included some declines in world food supplies for a few years beginning with 1972, and the sharp increase in oil prices emanating from the OPEC countries in late 1973. Demand management alone could not eliminate structural problems or deal with external supply and price shocks, especially in light of the inflationary biases created by domestic economic and social policies, by traditional industrial relations, and by pricing arrangements in some U.S. industries.

Rising inflation during the 1970s and 1980s reduced public support for collective bargaining and other labor practices and programs originally adopted during the 1930-50 period. The concern about inflation also caused policymakers to pay less attention to unemployment. In addition, the combination of monetarism and supply-side economics—specifically challenged the high-wage methods of maintaining purchasing power—the theoretical basis for the strong support for collective bargaining and social legislation during the 1930s and 1940s.
The heavy cost of attempting to solve the inflation problem with high unemployment may help generate strong public pressure to pursue a full employment policy and to intensify the search for policies that will achieve both price stability and full employment. Macroeconomics seems bound to confront the reality faced long ago by microeconomics: both demand and supply are important, although the importance of each varies at different times, and both play a major role in the determination of macro prices, aggregate output, and economic growth. Experience has also demonstrated the need to examine problems unique to particular industries and sectors of the economy, and not just to concentrate on the aggregate level of economic activity, as macroeconomic analyses and policies are prone to do.

REFERENCES FOR CHAPTER 4


8. Oswald, Rudy, "Unions and Productivity," in [10].


Economic Impact of the Union on Firms and Worker

Now we turn to the "microeconomics" of union activities, that is, the relations between labor unions and individual companies or industries. General economic analysis tells us that in most labor markets, the relationship between the demand for labor and the supply of labor determines the level of wage rates and the amount of actual employment. The basic factors underlying the demand for labor are:

1. *The demand for a product.* For example, the amount of demand for steel (or products made from steel) determines the demand for steelworkers.

2. *Changes in productivity.* Improvements in the quality of labor and/or of the quality and quantity of other inputs (e.g., machinery) will increase productivity (output per hour of work) of labor. An increase in productivity tends to lower the cost of labor per unit of output and raise production. And increased production at lower costs tends to decrease prices to the consumer. Lower prices tend to increase the demand for the product and hence the demand for labor.

3. *A change in the prices of substitutes or complementary goods or services.* In the case of substitutes, an increase in the price of one product (e.g., cotton yarn) will cause a substitute (e.g., nylon yarn) to become relatively less expensive. Thus the demand for the substitute—nylon yarn—will tend to rise. As a result, demand for labor in factories making cotton yarn will tend to go down and demand for labor in plants making nylon yarn will tend to go up. In the case of complementary products such as TV sets and outdoor antennas, if the price of TV sets rises enough to cause a fall in demand for sets, demand for antennas will also tend to decline. If the price of TV sets falls, the demand for sets will tend to rise, as will the demand for antennas.
The basic factors underlying the supply of labor are:

1. Population growth and the age structure of the population;
2. Immigration and migration patterns;
3. People's decisions whether or not to seek work;
4. People's decisions about how many hours to work;
5. The productivity of workers, resulting from their levels of skill and their education.

If we assume a perfectly competitive labor market—i.e., markets free of outside constraints—wages are determined by the interaction of the demand and supply for labor. In practice, many or most labor markets are not perfectly competitive, one reason being the existence of labor unions.

Unions attempt to modify market forces in order to control or eliminate those forces that produce low wages or poor fringe benefits. Unions therefore make an effort to increase the demand for union labor, to reduce the wage elasticity of the services of their members, and to affect the supply of labor to the employer—usually by influencing the wage rates at which the supply is forthcoming or even by restricting the supply itself.

1. A market in which no buyer or seller of labor has any influence over its price (wage) workers are homogeneous (of the same quality); there is perfect mobility of resources, i.e., resources (workers) are free to accept or reject jobs in any locality; and employers and workers have perfect knowledge of all currently available employment opportunities that are comparable.

2. To begin with, we assume that the demand for labor (by employers) can be graphically represented as a downward sloping curve with wage rates on the vertical axis and the amount of labor sought (total worker hours) on the horizontal axis. This means that employers will demand more workers at low wages than at high wages. Hence, there is a negative relationship between the wage rate and the quantity of labor demanded, a relation which produces the downward sloping demand curve.

Wage elasticity of demand refers to the elasticity (responsiveness) of employment to changes in wage rates. For example, if a 1 percent increase in wage rates produces a 1 percent change in the quantity of employment, the change may be called proportional. If a 1 percent increase in wage rates produces a change of more than 1 percent in the quantity of employment, the relationship is termed elastic. Lastly, a 1 percent increase in wage rates that produces a change of less than 1 percent in the quantity of employment, the relationship is called inelastic. All this means that union workers and workers in general prefer an inelastic situation, that is, one in which increases in wage rates have a less than proportional effect in terms of the number of workers who might be laid off or
Actions that increase the demand for union labor are good for the welfare of union workers since they should lead to increased employment and higher wage rates. Unions may take a number of steps to achieve these aims. Unions encourage consumers to purchase union products which display a union label. Politically, unions tend to support high tariffs or import restrictions on foreign products. This support is given in the belief that restraints on imports will maintain the number of jobs American workers hold or even increase available jobs.

American unions have also favored legislation that mandates minimum wages (the Fair Labor Standards Act). Minimum wage regulations tend to increase wages for those covered by the act, who are mostly nonunion workers. One result of such regulation is that there is likely to be less demand for nonunion workers and less substitution of nonunion for union labor because the cost of nonunion labor tends to go up. The net result should be an increased demand for the higher wage (and perhaps more productive) union workers, but, it is also likely, given enough time, that machinery (capital) will be substituted for labor.

Unions have also supported the Davis-Bacon Act, which requires that construction workers on federally financed projects be paid the construction wage rates that prevail in that area. Davis-Bacon thus reduces the cost advantages a contractor might gain by hiring nonunion labor and thus tends to increase the demand for union labor.

As mentioned above, unions prefer a situation in which the demand for the workers they represent is inelastic. Economic theory tells us that the demand for union labor will be more inelastic [3, pp. 222-226]

1. **The lower the elasticity of substitution of other inputs for union labor.** (For example, the more skilled the union labor or the higher the costs of machinery that could be substituted for skilled union labor, the less such substitution will take place.)

2. **The lower the elasticity of demand for the product handled by union labor.** (For example, if all food stores in an area are unionized, consumers will have no choice but to buy their food in those stores because they cannot go without food.)

the number of hours they may work. It should be noted that in most cases, high wage rates mean high costs to employers, and the downward (negatively) sloped demand curve means that workers will be laid off as wage rates increase. However, the more inelastic the demand for labor, the less effect wage rates will have on the amounts of employment.
3. The lower the ratio of union labor costs to the total costs of production. (In this situation, employers have comparatively little incentive to minimize their use of union labor. Unions that deal with such employers can therefore obtain relatively high wages. This is an example of the importance of being unimportant.)

4. The more inelastic the supply of substitute factors of production. (That is, if the supply of substitutes for labor, such as machinery, is limited and therefore inelastic, the demand for labor, too, will be inelastic.)

The first two examples suggest that unions prefer to organize workers in situations where employers can find few substitutes for union labor. The third suggests that if the ratio of union labor costs to total costs is small, it is possible for union wages to be increased without large increases in total production costs. The last example suggests that the less elastic is the supply of other substitutes (e.g., capital) for labor, the more inelastic is the demand for labor. Ordinarily, if wage rates go up, capital may be substituted for labor. However, if the demand for labor is inelastic because there are few substitutes for it in the production process, then there is little or no advantage to an employer to substitute capital for labor. All of the factors mentioned in the above examples reduce the amount of employment that is lost when wage rates are increased and make it possible for unions to alter wage rates from what they would be in a perfectly competitive market (see later discussion).

Perhaps the most effective influence labor unions have on modifying market forces is through their impact on the supply of labor. For more than a hundred years, organized labor has supported legislation to reduce immigration, because immigration restrictions decrease the supply of labor to employers. Fees, minimum test scores, and other licensing or employment requirements also serve to reduce the supply of labor. Apprenticeship systems—favored by unions—control both the quantity and quality of workers entering an occupation. Organization of the workforce through unionization also reduces the unrestricted options available to the employer. All the above actions either reduce or control the supply of labor, which in turn places upward pressure on wages. A strike or a threat of one also increases the bargaining power of unions and their ability to influence wages.

Impact of Unions on Wages

Do unions raise wages? Yes, empirical studies show that unions do attempt to raise wages and, to the extent they have any monopolistic power they will be successful in raising wage rates. Unions,
management, and economists all agree that unions do raise wage rates, but the magnitude or degree of impact differs according to the circumstances.

In order to make valid comparisons, we would ideally like to have similar situations in which the only difference is the presence or absence of a union. Unfortunately this is not possible, so a second-best comparison might involve two industries—one nonunionized and the other with a high degree of unionization. Wage levels for these industries could then be compared over a period of time. However, problems appear here too, since manufacturing is relatively much more unionized than the service, wholesale, and retail trade industries.

Despite such problems, a considerable number of studies on the matter have been conducted in the last twenty years. The first entries on Table 8 contain the results of a classic study by H. Gregg Lewis two decades ago. Lewis's data are averages and, therefore, gloss over differences in wages among industries. They also refer to different occupations and time periods. Even so, the average result was a union-nonunion wage differential that ranged from zero to 25 percent. Assuming relatively stable economic conditions, an economy-wide union impact on relative wages of 15 percent was viewed as normal in a study not included in the table [8, p. 193]. A study by Sherwin Rosen (also not in the table) covering approximately the same time period as did Lewis, produced similar results except for a differential higher by 5 percent [1, p. 192].

Wage variation within an occupation can be accounted for by differences in skill (and hence, elasticity of demand). For example, skilled construction workers who were unionized (in 1939) exhibited a 25 percent differential over nonunion skilled labor while in the same industry unskilled union workers held only a 5 percent differential over unskilled nonunion workers [8, pp. 184-186].

The union-nonunion wage differentials calculated by Lewis fluctuated over time. His data in Table 8 reveals that the differentials tend to be higher during recessions and depressions and lower during periods of prosperity. The traditional explanation for this result is that nonunion wages are much more responsive to market changes in supply and demand than union wages because unions have greater power to resist wage cuts and union members may be protected by union contracts that were negotiated two or three years earlier. In the early 1930s, nonunion workers were forced to accept lower wages while union workers had some degree of protection. It should be noted, however, that unemployment among both groups was high. After World War II, unanticipated inflation was beneficial to nonunion workers because their wages were not frozen by previously negotiated agreements. Hence, Lewis's differential in the 1945-49 period was only 0.5 percent.

More recent studies have also noted that union wages tend to be
<table>
<thead>
<tr>
<th>Author</th>
<th>Time Period</th>
<th>Subject of Study</th>
<th>Union-Nonunion Differential</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lewis</td>
<td>1923-29</td>
<td>Industrial</td>
<td>15.20%</td>
<td>Inadequate data a major constraint</td>
</tr>
<tr>
<td></td>
<td>1931-33</td>
<td></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1939-41</td>
<td></td>
<td>10.20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1945-49</td>
<td></td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1957-58</td>
<td></td>
<td>10.15</td>
<td></td>
</tr>
<tr>
<td>Evenson</td>
<td>1950</td>
<td>Selected industries</td>
<td>2.50</td>
<td>Major explanatory factors were market forces</td>
</tr>
<tr>
<td></td>
<td>1960</td>
<td></td>
<td>29.7</td>
<td></td>
</tr>
<tr>
<td>Evans</td>
<td>1965-71</td>
<td>Municipal employees</td>
<td>Average weekly earnings $7</td>
<td>Major explanatory factors were market forces</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perman</td>
<td>1971</td>
<td>Construction Industry</td>
<td>63.50%</td>
<td>Varies widely between regions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Carpenters</td>
<td>40.85</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laborers</td>
<td>35.70</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electricians/Plumbers</td>
<td>35.90</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cement Masons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perman &amp;</td>
<td>1971</td>
<td>Shirt manufacturing</td>
<td>12.41</td>
<td></td>
</tr>
<tr>
<td>Stewark</td>
<td></td>
<td>All production workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sewing machine operators</td>
<td>13.13</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(women)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sewing machine repairs</td>
<td>7.9</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(men)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athorita &amp;</td>
<td>1961-66</td>
<td>Firemen</td>
<td>8.10</td>
<td>Inadequate data a major constraint</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: Decrease in hours 3.9; Increase in salaries 10.10
<table>
<thead>
<tr>
<th>Schmenner</th>
<th>1962-70</th>
<th>Teachers</th>
<th>Firemen/police (in 11 cities)</th>
<th>12-14</th>
<th>Unionization important but not as significant as other factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wolz</td>
<td>1958</td>
<td>Craftworkers</td>
<td>7-8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operatives</td>
<td>6-8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stafford</td>
<td>1966</td>
<td>Craftworkers</td>
<td>24</td>
<td>Union effect smaller than previously thought</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operatives</td>
<td>26</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laborers</td>
<td>6-8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clerical</td>
<td>18</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Professional</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beade</td>
<td>1967</td>
<td>Professionals</td>
<td>19-0</td>
<td>Larger than previously thought</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Managers</td>
<td>5-3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clerical</td>
<td>9-1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sales</td>
<td>2-3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Craftworkers</td>
<td>16-5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operatives</td>
<td>16-2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Service</td>
<td>7-4</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laborers</td>
<td>24-7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>K. Savage</td>
<td>1970</td>
<td>All workers</td>
<td>12-3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>White men</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Black men</td>
<td>2-7</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>White women</td>
<td>2-2</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Black women</td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Grether</td>
<td>1967</td>
<td>All workers</td>
<td>12-0%</td>
<td>17-0%</td>
<td>17-0%</td>
</tr>
<tr>
<td></td>
<td>1974</td>
<td>White men</td>
<td>10-0</td>
<td>15-5</td>
<td>16-0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Black men</td>
<td>21-5</td>
<td>22-5</td>
<td>22-5</td>
</tr>
<tr>
<td></td>
<td>1975</td>
<td>White women</td>
<td>14-0</td>
<td>13-0</td>
<td>17-0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Black women</td>
<td>6-0</td>
<td>13-0</td>
<td>17-0</td>
</tr>
</tbody>
</table>
larger relative to nonunion ones during periods of recession. Orley Ashenfelter estimates that the differential rose from 11.6 percent in 1967 to 16.8 percent in 1975 [2]. The former period was one of relative prosperity while the latter period was one containing an economic slump.

Careful examination of the estimates compiled in Table 8 will reveal that the union-nonunion wage differential varies over time and is largely associated with fluctuations in economic activity. This association supports the previously discussed notion of the importance of market forces (supply and demand) in determining wages. It should also be noted that the studies recorded in Table 8 indicate that wage differentials also exist according to industry, occupation, sex, race, and region. As measured by differentials, wages appear to be greater in industries in which the concentration ratio is high and it is possible to pass on such higher wage costs to the consumer [10, p. 16].

In summary, the various empirical studies show that industrial differences are very important in determining the level of wages for both union and nonunion workers. Some researchers, therefore, feel that unions have had little effect in changing the structure of wage levels by industry [10]. Hence, such researchers conclude that union membership may be less important in determining wage levels than being in a certain industry, certain occupation, a preferential location, and so on, or being male rather than female.

The relative wage impact of unions, however, seems to be more complicated than the foregoing view makes it appear. There are other factors that affect the differential which either offset each other or make the differential smaller than it otherwise might be. One such factor is the "threat" effect which causes nonunion employers who fear unionization to pay the same wage as the union one (or at least a higher wage than they would pay without the threat of unionization). Such an action by a nonunion employer reduces the differential. To the extent that such reduction occurs, the impact of the union on workers, employers, and the economy is greater than is to be expected from the simple fact that only approximately one-fifth of the labor force is unionized.

Still other factors may overstate the magnitude of the differential. Union workers are usually more skilled and have more physical capital (e.g., machinery) to work with than nonunion workers. If the wage statistics in such situations are accepted at face value, the observer

---

Footnote: Concentration ratios are typically computed as the share of total industry sales, revenues or assets, employment, value added, and the like controlled by the four or eight firms in an industry.
may overlook the fact that union workers have qualitative differences or superiorities that would in any case be reflected in the differential.

**Impact on Productivity and Efficiency**

Our discussion of the impact of unions so far has highlighted the more traditional impact that unions have had on wage rates and total earnings. A more recent and increasing concern of economists is to examine the impact of unions on productivity.

Productivity is a measure of efficiency which is determined by dividing the goods (or services) produced by the number of hours worked. If workers produce 48 items in an eight-hour day, their productivity is six items per hour. Employers are obviously interested in efficiency because, all else remaining the same, the higher the productivity, the lower the cost of production, which enables employers to remain competitive. Efficiency and increased productivity are also beneficial for the economy as a whole (as discussed in Chapter 4), for increased productivity means that the use of scarce resources is being improved.

Historically, and for a variety of reasons, unions have usually been regarded as tending to have a negative impact on productivity. Table 9 contains a list of how unions may (or may not) restrict or enhance productivity. Suffice it to say that discussions on the subject often generate much heat and, further, research on the matter has often produced conflicting results. It would require too much space to take up each item in the table in detail; however, the following is a brief discussion of what are termed "restrictive work rules" as well as what the "new" research on the relationship between unions and productivity appears to say.

Restrictive or "make-work" rules often require employers to hire—or use—more labor on a particular task or work sequence than is needed. In such instances resources are wasted, productivity is less than it might be, and, therefore, inefficiency occurs. Traditional examples of make-work rules include using firemen on diesel locomotives, employing more than one operator for a movie projector, and assigning a third pilot (or flight engineer) to planes belonging to commercial airlines. Most work rules are used by unions to forestall or reduce the impact of technological change. Make-work rules can take many

---

1. It should, however, be recognized that productivity is only one element in labor costs per unit of output. The others are wage rates, including other payments made on behalf of labor—fringe benefits—and the like. A change in unit labor costs equals the change in labor costs minus the change in productivity. In other words, if unions increase labor costs more than productivity increases, unit labor costs will rise, and vice-versa.
TABLE 9

<table>
<thead>
<tr>
<th>Arguments Concerning Unionism and Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unions inhibit productivity by:</td>
</tr>
<tr>
<td>1. Obstructing the use of new technology</td>
</tr>
<tr>
<td>2. Negotiating restrictive work rules such as</td>
</tr>
<tr>
<td>a. Limiting piecework or subcontracting</td>
</tr>
<tr>
<td>b. Restricting output (e.g., limiting the number of bricks laid per day)</td>
</tr>
<tr>
<td>c. Forbidding management to do union work</td>
</tr>
<tr>
<td>d. Requiring more workers than necessary (e.g., crew size)</td>
</tr>
<tr>
<td>e. Protecting the jurisdiction of unions (e.g., carpenters versus masons over who cleans wooden cement forms)</td>
</tr>
<tr>
<td>f. Requiring unnecessary work (e.g., knock down and rebuild prefab units)</td>
</tr>
<tr>
<td>g. Featherbedding in other innumerable ways</td>
</tr>
<tr>
<td>3. Harassment of management with grievances</td>
</tr>
<tr>
<td>4. Stifling worker motivation and reducing morale by forcing management to reward for seniority, not merit.</td>
</tr>
<tr>
<td>5. Turning the employee-manager relationship into an adversarial one</td>
</tr>
</tbody>
</table>

| Unions improve productivity by:              |
| 1. Encouraging use of the latest technology (craft apprenticeship training) |
| 2. Forcing management to become more efficient |
| 3. Encouraging firms to invest in on-the-job training |
| 4. Reducing the quit rate and lowering turnover costs |
| 5. Improving employee morale and motivation by providing job security and freedom from arbitrary management decision making (seniority, grievance procedure) |
| 6. Providing a cooperative voice |


forms: directly limiting daily or weekly output per worker; limiting output indirectly by controlling the quality of work or insisting on time-consuming methods; requiring that unnecessary work be done or that work be done more than once; requiring an excessive number of workers; and requiring that work be performed only by members of a particular occupational group [13, pp. 467–471].

General consensus exists that make-work rules raise employers labor costs. Often, however, employers will "buy out" problems that arise with the introduction of a new technique or technological change by giving some form of extra remuneration to the workers affected.
Employers view potential profits and lower costs in the long run as a sufficient payoff for incurring the high short-run cost associated with a buy-out. As part of a buy-out, employers will introduce the change as soon as possible—usually employees will be laid off, and in exchange the union members who lose jobs will receive a lump sum payment or a new or added pension benefit.

Buy-out procedures make for far easier adjustments to the introduction of technological change by unions and their members. The alternative when technological change is imminent in companies with unions and union work rules is a longer period of phase-in (and possible union-management conflict). In both cases the end result is the same: technological change prevails in order for the firm to remain viable in a competitive world.

During the 1970s, economic researchers returned to studying the impact of unions on productivity. Earlier studies in the 1950s and 1960s estimated productivity losses for the economy in 1957 at 0.4 percent of the Gross National Product as a result of featherbedding and other union activities [11, pp. 19–28]. A 1950 study that examined the impact of restrictive work rules on building trade unions found that the market price of homes would have been 2.5 to 7.0 percent lower without unions [7, pp. 192–197]. Other research efforts noted that, although productivity might be enhanced by unionization, the increased costs of union labor offset any positive effects unions might have had on productivity.

Charles Brown and James Medoff have made an especially interesting examination of the impact of unions on productivity. Studying manufacturing industries in the 1970s, they found that after excluding the effect of the factors generally thought responsible for productivity differences (i.e., education, training, ability, age, etc.), union establishments were almost 22 percent more productive than those which were not unionized [4]. According to Brown and Medoff, the positive union productivity effect can be interpreted in three ways:

1. There are unmeasured differences in the quality of labor in union and nonunion firms.
2. Unions organize the most productive firms.
3. Unionization makes firms with otherwise comparable workers more productive.

Brown and Medoff dismissed the first two factors, claiming that the third is likely to be the most important in explaining the differential.

Since the Brown-Medoff study, others have also shown that unions appear to have a positive impact on productivity. Still other studies have shown that the relative productivity of union labor offsets its greater expense [12]. Although most studies support the
notion that unions appear to have a positive impact on productivity, some note that more thought and analysis are needed. In short, a number of economists seriously question the data bases, estimation techniques, and results of such studies [1].

If unions do raise productivity, how do they do so? One explanation offered is the "shock effect" on management. Unions exert pressure on wages and hence costs. Management is then forced to search for labor-saving equipment which results in productivity enhancement. In short, management is pressured to become more efficient.

Richard B. Freeman has noted that unionization may have a positive impact on productivity by reducing the number of "quits" in union establishments [5, pp. 643-673]. Employers' costs are reduced because fewer new workers need to be hired and trained. Fewer quits also imply higher employee motivation and morale, which enhances productivity.

It appears that the ability of unions to increase productivity will continue to be a much-researched topic. Attempts will be made to ensure that the influence of other factors such as differences in individual ability and the amount of capital stock are adequately taken account of in the statistical procedures used.

Other Impacts

There are many other economic aspects of employment on which unions have an effect but those effects have either not been measured or are difficult to measure. Unions have been very active in promoting improvements in fringe benefits, and have shown great interest in modifying the existing workday or workweek. Fringe benefits are employee benefits for which employers pay, but in general do not pay in the form of direct wages or salaries. They may be considered as part of the total compensation to workers or, from the employer's point of view, part of the total cost of labor. It has been estimated that fringe benefits as a percent of total compensation were almost 23 percent for union production workers in 1972. A 1980 study estimated that fringe benefits averaged more than 30 percent of the payrolls of a good-sized sample of companies in 1980, and that fringes constituted 45 percent of payrolls of very large companies [16]. However, fringes paid to all the nation's workers probably average closer to 10 percent. (Fringe

---

1. Examples of fringe benefits are medical and dental plans, pensions, and life insurance.
benefits have a special attraction: they are generally not counted as part of taxable income. "Vacation pay—which is often counted as a fringe benefit—is a notable exception."

As one might expect, the status of fringe benefits varies widely among employers and types of jobs. Some fringe benefits are required by law (e.g., social security contributions and unemployment insurance payments made by employers); others may be granted by employers unilaterally or through collective bargaining. The existence of fringe benefits varies for a number of reasons, and one is whether or not unions are present [6, pp. 489-509]. Empirical studies have shown that union workers tend to have more fringes than nonunion workers. In one study, Jacob Mincer found that union workers had larger fringe benefits than nonunion workers and the benefits were higher in proportion to wages [9, p. 42]. Others have noted that the effect of unions on benefit expenditures varied from industry to industry [15]. However, the "threat" or "spillover" effect is important here as it is with union-nonunion wage differentials and the "real" effect of unionization is difficult to measure.

Not only have unions improved upon the amounts of fringes for their members, but they have also been instrumental in developing innovative fringes. For example, severance pay and technology buyouts have been beneficial for both employers and employees. Unions have also been responsible for employer-financed unemployment benefits for some workers, called Supplementary Unemployment Benefits (SUB). SUB enables the pay period and compensation amounts associated with unemployment to be either extended or increased. Together, unemployment compensation and SUB can provide union workers with up to 95 percent of their previous pay should they become unemployed. However, only about 16 percent of the major collective bargaining agreements in the United States contain SUB programs.

Unions have not been as aggressive or influential in reducing the current work week as they were at one time. Unions in the 1940s and 1950s strongly supported cutting the work week to 40 hours. Since then unions have only sought to reduce the standard number of hours worked principally as a means of increasing income through overtime payments. On the whole, unions consider the number of jobs that are available at any one time to be scarce, and hence they are interested in spreading the work. Obviously, a lower standard work week will encourage a management to have more workers if it does not wish to pay overtime. However, workers may be at odds with their leadership on this point. Workers might well prefer to work many extra hours at time and a half pay rates after a standard 30 hour week than to see additional workers hired for those extra hours.
A number of alternative work patterns have been adopted by both union and nonunion employers. Many of these plans are offered to increase leisure time and productivity as well as to reduce stress and fatigue and to improve morale. Certain production processes are not flexible enough to permit these alternatives, while the effect some have on productivity has not yet been adequately assessed. These alternative work plans include:

1. **Flex time**: Employees choose the times during which they work, but usually must work a total of 40 hours per week.

2. **Short or compressed workweek**: Employees work fewer days per week but more hours per day, e.g., a four-day week consisting of 10 hours of work per day.

3. **Job-sharing**: Example—a 40-hour-a-week job split into two 20-hour part-time jobs for two people.

4. **Work-sharing**: When a firm can no longer give full-time employment to its existing work force, the firm can spread the available hours of work among its current employees by reducing each individual’s weekly hours of work.

5. **Part-time employment**: Any employment of less than 35 hours per week, whether because of business conditions or employee preference.

All these alternatives are usually examined by unions in order to determine the impact they would have on compensation, productivity, and earnings. If an alternative work plan benefits union members and increases productivity and leisure, it will probably be adopted.

Unions have had a most important impact on personnel policies and job security, although these are not strictly economic concerns. In respect to personnel policies, processes such as hires, promotion, and discharges have been standardized so as to remove prejudice against individuals. Appeals can generally be made through a grievance procedure. Grievance procedures are exceedingly important to workers, for they help protect workers against arbitrary or whimsical actions by management. (Such procedures also can give continuing visible demonstrations of the on-the-job protection a union may be able to offer.) Unions have also had an impact on seniority and lay-off policies as well as on other managerial decisions that affect personnel.

Workers' desires to be secure in their jobs and a union's ability to enhance job security as well as union security are major sources of a union's power. Hence, unions seek to establish either the closed shop or the union shop (see next chapter) which are the strongest forms of union security. If unions are to provide security for their members, the unions must have it for themselves first.
To summarize, unions are strongest where market forces make it possible for them to be strong. A union's economic power is evidenced by its impact on wages, fringe benefits, productivity, and personnel activities. Union market power is generally manifested or enhanced through participating in collective bargaining, threatening to strike, engaging in a strike, and by participating in politics through the electoral process, lobbying, and the like. Obviously, unions engage in such a variety of activities that it is not possible to estimate the purely economic impact of unions with any exactitude.

REFERENCES FOR CHAPTER 5


Labor in the United States is at present beset by a number of problems. Some of these are simple, while others are quite complex. Some affect only organized labor, but others also affect the entire population. Organized labor has the power to remedy a number of these matters, but to others it can only react. In this and the following chapter, the historical background and current status of a wide variety of the most important problems will be discussed.

Establishing a Union

As a prelude to discussing why people join unions, it might be helpful to restate the reasons why unions emerged. It was shown in Chapter 2 that industrialization and the emergence of the market economy presented workers with new problems concerning their work environment, skills, security, and general well-being. The obsolescence of some skills and the need for additional skills and higher education, greater interdependence in the marketplace, and the increased division of labor are just a few of the results of industrialization.

In order to maintain their standards of living and their security in an industrial society, workers are concerned about the size of their incomes and will usually also be concerned with how their incomes can be increased. The most direct form of increased income is higher wages. Another less obvious method of raising income and maintaining security for a worker's family is the acquisition of such fringe benefits as health insurance, retirement pensions, vacation and leave time, and life insurance. The worker in a modern industrial society usually will be concerned with receiving and controlling the nature and size of these benefits.

The division of labor, the interdependence of production, and the expansion of the marketplace have lowered the quality of work in
many occupations or industries that formerly required workers' skilled in a craft. As shown in Chapter 2, in order to protect their wages and working conditions from the effects of the competition arising from the use of cheaper and sometimes less-qualified labor by employers exposed to the forces of competition, workers banded together in labor organizations.

Industrialization has resulted in workplaces and situations that, for many workers, are extremely impersonal. Often there is little contact between employer and employee, and, in such instances, workers feel that they have little control over their destiny. It is only by collective action through organizations such as unions or employee associations that workers feel they can achieve a firmer foothold in society.

People often comment that the reasons unions can organize plants must be related to company policies that are either foolish, selfish, or both. Sometimes the accusation is made that unions organize a plant through the manipulation of outside agitators, "rabble rousers," or "radicals," and that these outsiders use lies and deceit as their main tools to bring workers into the union fold. Some believe that if employees without a union allow one to be formed and gain recognition, they "deserve" it and "deserve what they get." Unions, it is often claimed, restrict flexibility, innovation, and change by their very nature. Further, if employers behave correctly, unions are not as likely to "attack" them.

All of the foregoing notions are simplifications. Such reasons may appear to be valid to the uninformed, but the basic reasons for unionization discussed earlier in this chapter are the really significant ones [15].

Unionization may take place at a particular place or time due to one of several precipitating causes. For example, if there is a turnover in the top management of a plant, employees may hear or feed that the new management is considering changes that could affect the security of the workers. A new payment system might be installed—say an incentive-payment system under which workers are paid either on a piece-rate basis, or are paid so much more per item after having produced a basic quota for which they are paid a minimum amount. Such changes in piece rates, production quotas, or work assignments all may upset workers. Changes in promotional ladders—such as requiring that all new supervisors have college degrees—may stimulate workers to join or become interested in unions. The adverse effect of rapid technological change on some employees may also contribute to growing interest in unions. Last, but not least, the threat of sudden cutbacks or layoffs as a result of business recessions or depressions also encourages workers to enroll in unions.

If workers are interested in joining unions, employees may contact a specific union directly to find out if it will come and organize the
plant. If the firm is a new one that requires skilled labor that is controlled by unions, the employer may request that the employees be represented by a union. (Building contractors are a prime example of this type of employer.) At other times a union may decide independently to try to organize the workers of a particular plant or industry.

### Union Recognition

Prior to the National Labor Relations Act of 1935 (the NLRA or Wagner Act) unions could win "recognition" or the right to represent workers only by getting the workers to strike or by convincing the employer to voluntarily recognize the union as the workers' bargaining agent. The Wagner Act made it possible for employees to select a representative—in practice, almost always a union—through an election supervised by the National Labor Relations Board (NLRB). An election is not necessary if the employer feels that the union represents a majority of the employees. In that case, the employer can simply recognize the union and bargain with it. It would, however, be an unfair labor practice for an employer to recognize a union that the employer has reason to believe does not represent a majority of the employees.

If a representation election is to be held, a petition for an election is filed with the NLRB. The petition may be filed either by the employees, by any person or labor organization acting on behalf of the employees, or by employers who have been presented with representation claims by unions. The NLRB then determines the so-called appropriate bargaining unit—i.e., the group(s) of workers, department(s), plant(s), and the like—which are eligible to vote, and certifies the results of the election.

Participation in such elections is usually high since the NLRB declares the winner on the basis of which choice—a union vs. no union, or one of a group of unions, or no union—gets the majority of the vote. In other words, a majority of the employees who actually vote is necessary to win the election, not a majority of all those who are eligible to vote. Both sides (or more sides, if more than one union is involved) are therefore interested in getting as many workers as possible to participate in the voting. Consequently, in these representation elections 80 to 90 percent of the number eligible often vote.

After at least a year has gone by, the NLRB may entertain petitions for new elections. If 30 percent of the members of a bargaining unit so petition, the NLRB will hold an election to decertify a union that has previously won bargaining rights. Decertification may occur because the workers feel that the union no longer represents their best interests.

For many years unions won a large percentage of the representa-
tion elections that were held, but during the last twenty years or so, unions, as a result of economic and political changes, have not fared well in representation elections. In fact, as may be seen in Table 10, during the decade of the 1970s, elections won by unions declined by 10 percentage points (from 55 to 45 percent). During the same period, the number of decertification polls lost by unions increased slightly.

Given this trend, it might be asked why do workers continue to join unions? Surprisingly, despite growth problems and significant antiunion campaigns (claiming, e.g., that unions are "communist," are run by "gangsters," etc.) mounted by industry and others, some rather recent survey work indicates that contemporary views of American workers towards trade unions is more positive than one might think. Thomas Kochan [8], in a study using data from a 1977 survey, found:

1. The majority of workers see unions both as large powerful institutions and as effective representatives of their members' economic interests in collective bargaining.

2. Thirty-three percent of the nonunion respondents (excluding managers and those who are self-employed) indicated they would vote for a union if a representation election were held.

3. Union members want their unions to put the most effort on traditional bread and butter issues and on improving the internal administration of their unions.

4. More than 70 percent of the union members indicated they were satisfied with their union.

Another study, by Henry S. Farber and Daniel H. Saks, constructed an economic model using data on how individuals voted in 29 NLRB representation elections. The results have four implications [4, p. 367].

1. Individuals voted as if the effect of unionization on earnings was to raise average earnings.

2. The measured individual perceptions of the impact of unionization on the nonmonetary aspects of the job were found to be important determinants of the vote.

3. Concern for the impact of unionization on job security is an important aspect of the unionization decision when workers feel that they could not easily replace their current job with an equivalent job.

4. Individual characteristics such as sex, education, and the environment were found not to affect the way the workers voted.
### TABLE 10
Results of Representation Elections and Decertifications Supervised by the National Labor Relations Board, Fiscal 1970-81

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>No. of Union Elections</th>
<th>Percent Won by Union</th>
<th>No. of Decertification Polls</th>
<th>Percent Lost by Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>8,074</td>
<td>55.2%</td>
<td>301</td>
<td>69.8%</td>
</tr>
<tr>
<td>1971</td>
<td>8,362</td>
<td>53.2%</td>
<td>401</td>
<td>69.6%</td>
</tr>
<tr>
<td>1972</td>
<td>8,923</td>
<td>53.6%</td>
<td>451</td>
<td>70.3%</td>
</tr>
<tr>
<td>1973</td>
<td>9,369</td>
<td>51.1%</td>
<td>453</td>
<td>69.5%</td>
</tr>
<tr>
<td>1974</td>
<td>8,858</td>
<td>50.0%</td>
<td>490</td>
<td>69.0%</td>
</tr>
<tr>
<td>1975</td>
<td>8,577</td>
<td>48.2%</td>
<td>516</td>
<td>73.4%</td>
</tr>
<tr>
<td>1976</td>
<td>8,638</td>
<td>48.1%</td>
<td>611</td>
<td>72.8%</td>
</tr>
<tr>
<td>1977</td>
<td>9,484</td>
<td>46.0%</td>
<td>849</td>
<td>76.0%</td>
</tr>
<tr>
<td>1978</td>
<td>8,240</td>
<td>46.0%</td>
<td>807</td>
<td>73.6%</td>
</tr>
<tr>
<td>1979</td>
<td>8,043</td>
<td>45.0%</td>
<td>777</td>
<td>75.0%</td>
</tr>
<tr>
<td>1980</td>
<td>8,198</td>
<td>45.7%</td>
<td>902</td>
<td>72.7%</td>
</tr>
<tr>
<td>1981</td>
<td>7,512</td>
<td>43.1%</td>
<td>856</td>
<td>74.9%</td>
</tr>
</tbody>
</table>

**SOURCE:** National Labor Relations Board, Annual Report, Appendix Tables, various years

---

**Collective Bargaining as an Institution**

As noted earlier, before a representation election can take place, the NLRB must determine the bargaining unit for which eligible voters select a union as a bargaining agent or decide against such representation. Problems usually arise over the determination of the appropriate bargaining unit. In the earlier years of the Wagner Act, the bargaining unit problems of the AFL and CIO centered around whether or not the appropriate bargaining unit for the workers should be a craft or industrial unit. The Wagner Act was not clear on this point because it had been drafted to decide if any union should represent workers, not which union.

In resolving bargaining unit problems and administering the Wagner Act, the NLRB at first had to take into consideration two

---

1. In an industrial unit, all workers belong to the same union whatever their particular jobs. When craft unions represent the workers in an industry, there is a union representing each skill group—one union for electricians, another for clerks, etc.
conflicting goals: self-determination of the workers and stability in labor relations. Self-determination required that bargaining units be separated by craft; i.e., a craft union had to be established or re-established in a plant where there also were members of an industrial union. But “separations” of this kind may produce problems such as small, ineffective bargaining units as well as jurisdictional disputes over jobs or territories. Stability is more likely to be achieved by industrial unions, a form of organization that mutes the individual concerns of specific craft workers [2].

Between 1935 and 1937 the NLRB tended to favor the industrial unions, but in 1937 reversed its position by adopting the “Globe Doctrine” [5]. At first, the Globe Doctrine allowed initial representation elections in which craft workers determined whether or not they wanted a separate craft union. Crafts were not permitted to sever themselves from an industrial unit until 1942. Today, when it decides severance issues, the NLRB considers whether the employees are skilled journeymen-craftsmen who constitute a functionally distinct department as well as other relevant factors such as the bargaining history of the plant and industry, the extent to which the employees concerned have established or maintained a separate identity, the integration of the productive process, and the qualifications of the union seeking severance. (See [11] for additional clarification of these criteria.)

A union that wins a representation election is certified by the NLRB as the bargaining representative for the workers. At that point it becomes the task of the representatives of the union and the company to write a collective-bargaining agreement that will govern the relationship between the employer, the employees, and the union as the representative of the employees. Such agreements are effective from a minimum of one year to as long as three years. In the sections that follow some of the basic issues of concern in collective bargaining will be examined.

Union Security

One of the most important items to be discussed in the first round of negotiations between unions and employers is union security. Other issues are more important to workers, but union security is paramount to the existence of the union as an organization. The following is a list of forms of union security that either existed historically or may be found in the United States at present.

**OPEN SHOP.** Unions are ignored and no distinction is made by the employer between union members and those who are not members. Management deals with each employee on an individual basis and
recognizes no union as representing any of its employees. (Strictly speaking, an open shop is not a type of union security, but is one form of the various relationships that may exist between managements and their workforces.)

**BARGAINING AGENT FOR MEMBERS.** In this relationship, a union is accepted as representing only those employees who are members. The union is not regarded as speaking for other employees in the same shop or bargaining unit. Employers thus maintain their freedom to deal with some or many of their employees as individuals.

**SOLE OR EXCLUSIVE BARGAINING AGENT.** When so recognized, the union is accepted as the agent for all employees in the unit. While there is no requirement that all employees join the union, the organization negotiates the pay, working conditions, etc., for all employees, including nonmembers.

**PREFERENTIAL SHOP.** The union is recognized as the sole bargaining agent, and the employer agrees to hire union members if they are available and to give first chance for employment to members of that union.

**MAINTENANCE OF MEMBERSHIP.** All employees who are or who become members of the union on or after a specified date must remain members in good standing for the full term of the agreement. This form of union security became widespread during World War II. It emerged as a compromise when unions demanded while employers opposed a provision that all employees become members of a union if a majority so desired. Maintenance-of-membership contracts generally provide an escape period when contracts begin or are renewed during which union members can resign if they wish.

**AGENCY SHOP.** All employees in the bargaining unit pay dues to the union although they do not have to join it. This arrangement is sometimes called the Rand Formula because it was specified by a judge named Rand as part of the settlement of a strike at the Ford Motor Company of Canada in 1945.

**UNION SHOP.** All employees in the bargaining unit must be or become members of the union. Management is permitted to hire workers who are not members of the union, but when such members are accepted as employees (that is, at the end of their probationary period), they must join the union.

**CLOSED SHOP.** Only union members may be hired. Management may hire all employees for the bargaining unit through union offices, and the union may undertake to supply such members as may be needed. Employees must maintain their union membership in good
standing. Understandably, unions regard the closed shop as the strongest form of union security. However, the Labor-Management Relations Act (LMRA) of 1947 outlawed the closed shop for most industries engaged in interstate commerce. The exceptions are discussed below.

CHECKOFF. The checkoff is a supplement to security provisions. It provides that the employer deduct union dues (and sometimes initiation fees and assessments) from paychecks and remit the sums collected to the union. The compulsory and automatic checkoff compels union members to allow employers to make the deductions. The voluntary checkoff requires that individual members personally authorize such deductions. Authorizations are generally revocable on 60- or 90-day notice to ensure their voluntary nature. The checkoff is frequently combined with other forms of union security [6].

The Right-to-Work Controversy

The union security issue has been one of the most emotion-laden labor relations questions since World War II. Much of the dispute centers on what are referred to as right-to-work laws. Such laws ban union or agency shops, depending on their language. Although the federal government has legal jurisdiction over labor-management relations that affect interstate commerce, Section 14b of the Taft-Hartley Act of 1947 makes it possible for the states to enact union security regulations that are more restrictive than those of the Taft-Hartley Act. In other words, a state can ban union or agency shop provisions which are legal under Taft-Hartley, but it cannot legalize the closed shop, which is illegal according to the terms of Taft-Hartley. In practice, the Taft-Hartley Act also bans the union shop because workers cannot lawfully be discharged under the terms of union-security agreements, since the act has no provision requiring workers to join a union. However, under certain conditions, workers who do not belong to the union can be subject to discharge. Nonunion workers can be discharged if they refuse to pay union dues and fees to a union that bargains for wages and job rules applying to union and nonunion members alike.

Despite the provision of the act, closed shop conditions exist in construction, seafaring, printing, and other occupations in which the closed shop was common before Taft-Hartley. In all of these instances, the closed shop tends to be preferred both by the unions and by many employers. Employers in casual occupations' often prefer the closed

2. Casual occupations occur in industries such as the seafaring and construction industries mentioned above, in which many workers have limited attachment to particular employers. Employment is usually only for a particular assignment and
shop because the union performs valuable labor-market functions for them. In the case of casual occupations—those in construction are a good example—it is important for employers to have some certainty concerning the quantity and quality of labor. A well-run and -staffed union hiring hall provides this certainty. Similarly, because of the workers' limited attachment to a particular employer, it is difficult for management in an industry with casual occupations to train its workers. Unions, therefore, typically play a significant role in training the workers in such an industry.

The controversy over right-to-work legislation often obscures the underlying reasons behind the contending positions. Although the right-to-work laws ostensibly are designed to protect the interests of workers, nonunion workers rarely have participated in debates on the subject. The chief proponents of the legislation are often well organized antiunion business groups who make strong appeals to legislators, educators, and to the press, sometimes against unions as such, but usually on the grounds that antiunion legislation will help states with their industrialization drives. (See [12] for documentation of this position.)

Some employers favor right-to-work legislation because they believe employers should not force workers to join unions or pay union dues; such employers argue that it would be better if unions convinced their employees that they should join the union. In addition, some right-to-work law advocates are opposed to compulsory union membership on philosophical grounds. This argument is perhaps weakened by the fact that under Taft-Hartley a worker is not always required to join a union, but can be required to pay union dues; the right-to-work laws ban the compulsory payment of union dues.

The opponents of right-to-work laws present a number of basic arguments. They point out that Section 14b of the NLRA is unfair because it only allows legislation by the states to place more stringent restrictions on union security than federal law does; the states cannot supersede the federal law by, e.g., legalizing the closed shop. Opponents also argue that right-to-work laws interfere with the freedom of contract because union security provisions cannot exist in labor contracts if employers do not agree to them. Moreover, a major advantage of collective bargaining is the ability to adapt contract language to fit the situation; under right-to-work laws a particular union security arrangement that both parties desire may be illegal for them to agree to.

Perhaps the most emotional yet practical argument presented by
opponents of right-to-work laws is that regarding the "free-rider." When a union gains bargaining rights for a group of employees, it is compelled to meet two important conditions: (1) it must be chosen by a majority of the employees and (2) it is required by the NLRA and the Railway Labor Act to represent all of the employees in the bargaining unit fairly and without discrimination, whether or not they are union members. Because of the second condition, unions are required to incur the costs of handling grievances and arbitration cases and of otherwise representing nonmembers. Accordingly, it is argued that all workers must at least be required to pay union dues to pay for the services desired by a majority of the workers.

Much data have been generated by unions and by supporters of right-to-work laws in an attempt to show how employees feel about compulsory unionism. There is considerable evidence that, where the union shop has been in existence in the past, the majority of workers favor its continuation. However, there is also considerable evidence to the contrary [7, pp. 549-559]. General polls of public opinion have long indicated that between 40 and 70 percent of the public as a whole is opposed to the union shop [9].

It is hard to measure the effects of existing right-to-work laws. Again there are conflicting research results and some concern that the impact of the laws on union membership has not been investigated extensively enough. Some studies suggest that a union at present operating under a union shop provision could lose perhaps as little as 6-8 percent to as much as 10-15 percent of its present membership if an applicable right-to-work law were proposed [13, p. 188]. Yet, a 1975 study by Keith Lumsden and Craig Peterson could not reject the hypothesis that, on average, right-to-work laws have no effect on union membership [10, pp. 1237-1248].

Underlying the arguments on the right-to-work issue is a power struggle which may be more symbolic than real. The right of unions to exist is firmly entrenched in the American legal system, while the degree of security a union is entitled to is legally far vaguer. Few would argue that the union shop does not enhance the union's bargaining power. Hence, most (if not all) unions believe that a union would be weakened by allowing only those who want the benefits won by a union to join it.

The right-to-work issue is in part hard to resolve because it concerns "principles," which always are difficult to compromise, and in part because the issues that surface in debate frequently have little to do with the parties' real motives. Perhaps the alternatives can be posed as follows: is the basic issue whether workers should have the right but not be compelled to join unions—as is now the case for the closed and the union shop; or is the basic issue whether union security and collective bargaining power should have primacy?
The Process of Collective Bargaining

The actual process of bargaining or negotiation varies from firm to firm. If some firms are wage followers who emulate the actions of firms that are wage setters, then much of the process of bargaining will involve small adjustments in the wage setters' basic agreements to account for special conditions.

The process is different if large firms and large unions are involved. Much preparation will take place by both the management and the union before they meet at the bargaining table. The meeting may be in anticipation of the termination of a contract, or, if a union has just been recognized as the bargaining agent for the workers, it may be the first meeting between the parties. Usually the union prepares a detailed list of its demands and the company may prepare counter demands of its own. At first the demands of the two sides may be far apart; however, these seemingly unrealistic demands form the basis for later bargaining and compromise.

It may appear to an observer that a lot of time is wasted in the process. One benefit, however, is that the perceived problems of both sides receive an airing. The wide variety of topics discussed also allows the union and employer representatives to tell their members or employers that specific pet gripes were presented and discussed. After a while (which varies according to the nature of the issues and the temperament of the negotiators), a number of proposals—or a "package"—will emerge on both sides. The package allows each side to get some insight into the priority attached to each issue. After considerable discussion and compromise, an agreement may be reached. If the compromise is not acceptable by either or both parties, a strike or lockout may result.

Structure of Collective Bargaining in the United States

In the United States, there are a number of distinctive features of collective bargaining. The size of the negotiating units is different than in other countries. More than 150,000 union contracts exist in the United States: most other countries have significantly fewer contracts. Obviously, the reason is that most of the contracts in the United States cover only one employer and a comparative handful of workers. Less than 40 percent of the workers are covered by multi-employer agreements, which are much more common outside of the United States, where federations of employers often bargain with federations of unions.

The philosophy that a single union should serve as the sole representative for employees of a craft or other appropriate bargaining
unit is also more common in the United States. This philosophy goes back to the old AFL concept of exclusive jurisdiction, which prohibits competition among unions and tends to stabilize union-management relations. Employers also accept the one-union concept because it makes for more stable labor relations, even though in some cases skilled workers may be represented by an industrial (semi-skilled) union. This policy sometimes results in controversy when craftsmen opt for special representation.

There are many single bargaining units in the United States today. But from the passage of the Wagner Act to the mid-1950s, the trend was toward larger bargaining units and the centralization of negotiating power in the hands of a few union and management officials. Since the mid-1950s, the trend has been in the other direction—toward decentralization. Decentralization has occurred in order to let the skilled trades have more influence with respect to union wage and fringe benefit policy. In some cases, a master agreement may be worked out at a high level and the local unions will then work out the specifics or local supplements to the contract. The process results in complex contracts.

The structure of collective bargaining determines the level at which different matters are resolved [3, pp. 208–216]. National unions that allow locals to enter into supplementary agreements on some matters decide which decisions are to be made at the main negotiating table and which are to be left for labor and management representatives to settle at the company, plant, or department level [3, pp. 208–216].

Bargaining structures may be influenced by the existence of a number of problems:

1. One involves arranging negotiating procedures concerning the range of jobs, territories, and employees to be covered under the agreement. For example, the major rubber companies often insist on wage increases for tire plants that differ from those for plants producing other rubber products, which reflects the influence of different competitive market conditions for the products.

2. Other structural problems have to do with the relationships among different craft unions that bargain with a common employer. Unions in the newspaper, construction, and shipbuilding industries, for example, have many different crafts and unions that represent these crafts. Some unions are often unhappy because they face an industrywide platform of wages or working conditions which is imposed on them before they reach the bargaining table.

3. Problems may also arise concerning the subjects that should properly fall into the scope of collective bargaining. Management believes many parts of its operation—such as production and marketing—should be its exclusive prerogative and, therefore, not subject to collective bargaining. In most instances, the subjects to be
Dispute Settlement

Many collective-bargaining agreements are lengthy documents that set forth the rules and standards governing the relationship between employers and employees for the life of the contract. These contracts usually contain provisions concerning wages and hours, grievance procedures, union security, promotion lists, layoffs, and discharges; they also contain a variety of items detailing the rights and responsibilities of unions and management. The strike is in most cases an extension of collective bargaining that follows a breakdown in peaceful negotiations. Many strikes have been averted in recent decades through specialized procedures for settling particular kinds of disputes [3, p. 252]. We next consider the problems and solutions involved in recognition, jurisdictional, grievance, and contract disputes.

Recognition Disputes

Workers covered by the NLRA are seldom involved in conflicts over the right of unions to represent workers or conflicts between rival unions over representation questions. In recent years recognition disputes have centered around which union, if any, should represent agricultural workers, who are not covered by the NLRA. Otherwise, representation elections and disputes, or strikes, are usually handled in a routine manner through the NLRB.

Tactics still used in connection with recognition elections include strikes, picketing, boycotting, and secondary pressures. Once a union has filed a petition with the NLRB for a representative election, certain kinds of picketing may continue—at least for a time. If management contests, the union is theoretically barred from most types of picketing; however, due to an ambiguity in the law, informational picketing sometimes continues.

3. Whether or not picketing is protected by the constitutional right of free speech depends on judicial interpretation.
Boycotts involve publicity or pressure exerted by unions to dissuade consumers from purchasing the products produced or sold by companies unions seek to organize. Boycotts against manufacturing companies are not always successful, because the products often are not consumed locally (and may be difficult to recognize as coming from a particular firm), and because it is frequently difficult to convince the consumers of such products that they should not buy them.

In some industries a secondary boycott is more successful than a primary or direct boycott. A secondary boycott exists when pressure is exerted on an employer to put pressure on another employer who is the real target of the union. Workers conduct a secondary boycott when they, e.g., bring pressure on a lumber company to prevent it from supplying lumber to a construction project at which the workers are on strike. Secondary boycotts are illegal under the NLRA. Further, the NLRB and the courts have ruled secondary boycotts to be illegal unless the pressure on third parties is limited to a peaceful publicity campaign.

A close relative of the secondary boycott is the "hot-cargo" clause—an agreement between employer and a union not to handle or use the goods of another employer. The NLRB and the courts have deliberated at length about whether or not such agreements are voluntary. However, in 1959 Congress amended the National Labor Relations Act to the effect that such an agreement be considered an unfair labor practice, except in the construction and clothing industries. (In these two industries the right not to handle nonunion work had strong historical precedent. In addition, in the clothing industry, unique relationships between companies that contract for outside work performed by other companies also form the basis for the exception.)

Jurisdictional Disputes

Consistent and perplexing strife has been associated with jurisdictional disputes. Such disputes often occur in the construction trades when two unions are fighting over which should have responsibility for a particular task. Usually one or perhaps both of the unions threaten the employer with a strike. Strikes resulting from this type of dispute are prohibited under the Taft-Hartley Act. Such disputes are taken to the NLRB for a decision if the parties are unable to settle their differences. The threat of a compulsory decision by an outside party has stimulated the growth of private settlement machinery, and now jurisdictional conflicts in the construction industry are often settled by using a voluntary settlement process for jurisdiction disputes. The construction unions have adopted such processes even though it is difficult for any union to give up jurisdiction, because the unions recognize the disadvantages jurisdictional disputes create for contractors who have agreements with unions.
Grievance Disputes

Once signed, a negotiated contract must be administered. The process of collective bargaining thus continues, but in a different way. Disputes often occur about how the agreement should be enforced or interpreted. A grievance procedure is necessary because it is difficult to anticipate all the eventualities and all the possible interpretations of the contract that may arise. Union representatives may attempt to increase the union's benefits from the agreement while management may attempt to water them down. In the past, strikes that shut down plants, including wildcat strikes (strikes without official union sanction), often occurred because of disputes about contracts. Now, in private industry such disputes are usually settled through grievance procedures.

Grievance procedures are included in the collective-bargaining agreement and therefore have the support of both unions and management. The procedures include a number of steps that involve various levels of the union and management hierarchy. The steps in such a process vary from firm to firm and union to union; however, a common type involves five steps and several layers of union and management representatives:

<table>
<thead>
<tr>
<th>UNION REPRESENTATIVE</th>
<th>MANAGEMENT REPRESENTATIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st step Weekly update with shop</td>
<td>Immediate supervisor</td>
</tr>
<tr>
<td>2nd step Shop foreman</td>
<td>Top plant manager</td>
</tr>
<tr>
<td>3rd step Union representative</td>
<td>Top company official</td>
</tr>
<tr>
<td>4th step Union representative</td>
<td>Arbitration</td>
</tr>
<tr>
<td>5th step Arbitration</td>
<td></td>
</tr>
</tbody>
</table>

Such a grievance procedure allows for the exchange of ideas and opens healthy channels of communications. Grievances often fade away as the facts are aired. Union and management representatives frequently take even apparently slight grievances as far as possible in order to satisfy the demands of their members or superiors. Either too many or too few grievances can be an indication of unrest and an unhealthy climate between unions and employers. A reasonable number of grievances is to be expected and demonstrates that the grievance procedure is really a continuation of collective bargaining.

At present, close to 95 percent of union contracts provide for arbitration as a last step in the grievance procedure. Such arbitration is voluntary and involves the use of a neutral or outside party. Usually the case is presented to a single arbitrator chosen from the American Arbitration Association (a private group), or it may be anyone or any group viewed as impartial. If the parties are not satisfied with the results of the arbitration, they can either live with the decision until
the next contract is negotiated or violate the decision, thus possibly incurring the legal problems associated with breaking a contract. Some other aspects of dispute settlement will be discussed at greater length in Chapter 7.

**Striker and Renegotiation of Contracts**

Strikes and lockouts occur as a result of conflicts over the terms of agreements between unions and management. If the union takes the initiative in ceasing work, it is a "strike." If management forbids workers to continue on the job, this initiative is called a "lockout." In either case, the effect is the same: union members lose income and the employer loses production and revenue.

Strikes may occur for economic or noneconomic reasons. Economic—or "bread and butter"—issues cause the most breakdowns in contract negotiations and are probably the main reason for strikes in the United States. Other strikes may be related to economic issues but probably also involve labor practices regarded as unfair by the unions. Economic strikes have little to do with the employer's practices if they are a result of union rivalry over which union's members will perform given tasks.

Noneconomic strikes may be related to specific grievances or may indicate that fundamental problems underlie the relationship between a union and an employer. When the relationship between the two is new or young, distrust and an inability to "read" each others' signals may result in strikes.

If union and employer negotiators fail to reach agreement on a contract, the usual result is a strike. Strikes may be defined as temporary work stoppages by workers intended to achieve some specific demands by exerting pressure on the employer. Strikes are often accompanied by picketing and sometimes by a boycott—a rarely used weapon. Both, of course, escalate the conflict.

Strikes can be costly in terms of employee hours lost and in terms of their impact on the economy. In the entire decade of the 1970s there were more than 50,000 strikes in the United States (Table 11), involving over 20 million workers. The average strike lasted approximately fifteen days, and in the average year about 32 million employee days of work were lost due to strikes.

At first glance these figures may seem quite high, but viewed in perspective, strikes may be regarded as a small price to pay for a free

---

1 Note the difference between "arbitration" and "mediation." An arbitrator makes a decision which the two parties are obligated to accept. A mediator examines the issues and proposes a solution, but neither side is obligated to accept the mediator's judgment.
<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Stoppages</th>
<th>No. of Workers Involved (thousands)</th>
<th>Number (thousands)</th>
<th>Percent of Estimated Working Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1917</td>
<td>4,450</td>
<td>1,227</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>1919</td>
<td>3,630</td>
<td>4,160</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>1921</td>
<td>2,385</td>
<td>1,099</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>1927</td>
<td>707</td>
<td>330</td>
<td>26,200</td>
<td>N.A</td>
</tr>
<tr>
<td>1929</td>
<td>921</td>
<td>289</td>
<td>5,400</td>
<td>.07</td>
</tr>
<tr>
<td>1933</td>
<td>1,695</td>
<td>1,168</td>
<td>16,900</td>
<td>.36</td>
</tr>
<tr>
<td>1936</td>
<td>2,172</td>
<td>789</td>
<td>13,900</td>
<td>N.A</td>
</tr>
<tr>
<td>1937</td>
<td>4,740</td>
<td>1,860</td>
<td>28,400</td>
<td>N.A</td>
</tr>
<tr>
<td>1941</td>
<td>4,288</td>
<td>2,363</td>
<td>23,000</td>
<td>32</td>
</tr>
<tr>
<td>1944</td>
<td>4,956</td>
<td>2,116</td>
<td>8,700</td>
<td>.09</td>
</tr>
<tr>
<td>1946</td>
<td>4,985</td>
<td>4,600</td>
<td>116,000</td>
<td>1.43</td>
</tr>
<tr>
<td>1947</td>
<td>3,693</td>
<td>2,170</td>
<td>34,600</td>
<td>.30</td>
</tr>
<tr>
<td>1948</td>
<td>3,419</td>
<td>1,960</td>
<td>34,100</td>
<td>.28</td>
</tr>
<tr>
<td>1949</td>
<td>3,606</td>
<td>3,030</td>
<td>50,500</td>
<td>.44</td>
</tr>
<tr>
<td>1950</td>
<td>4,843</td>
<td>2,410</td>
<td>38,800</td>
<td>.33</td>
</tr>
<tr>
<td>1951</td>
<td>4,737</td>
<td>2,220</td>
<td>22,900</td>
<td>18</td>
</tr>
<tr>
<td>1952</td>
<td>5,117</td>
<td>3,540</td>
<td>59,100</td>
<td>48</td>
</tr>
<tr>
<td>1953</td>
<td>5,091</td>
<td>2,400</td>
<td>28,300</td>
<td>22</td>
</tr>
<tr>
<td>1954</td>
<td>3,468</td>
<td>1,530</td>
<td>22,600</td>
<td>18</td>
</tr>
<tr>
<td>1955</td>
<td>4,320</td>
<td>2,650</td>
<td>28,200</td>
<td>22</td>
</tr>
<tr>
<td>1956</td>
<td>3,825</td>
<td>1,900</td>
<td>33,100</td>
<td>24</td>
</tr>
<tr>
<td>1957</td>
<td>3,673</td>
<td>1,390</td>
<td>16,500</td>
<td>12</td>
</tr>
<tr>
<td>1958</td>
<td>3,694</td>
<td>2,060</td>
<td>23,900</td>
<td>18</td>
</tr>
<tr>
<td>1959</td>
<td>3,708</td>
<td>1,880</td>
<td>69,000</td>
<td>50</td>
</tr>
<tr>
<td>1960</td>
<td>3,333</td>
<td>1,320</td>
<td>19,100</td>
<td>14</td>
</tr>
<tr>
<td>1961</td>
<td>3,367</td>
<td>1,450</td>
<td>16,300</td>
<td>11</td>
</tr>
<tr>
<td>1962</td>
<td>3,614</td>
<td>1,230</td>
<td>18,600</td>
<td>13</td>
</tr>
<tr>
<td>1963</td>
<td>3,362</td>
<td>941</td>
<td>16,100</td>
<td>11</td>
</tr>
<tr>
<td>1964</td>
<td>3,654</td>
<td>1,640</td>
<td>22,900</td>
<td>15</td>
</tr>
<tr>
<td>1965</td>
<td>3,963</td>
<td>1,550</td>
<td>23,300</td>
<td>15</td>
</tr>
<tr>
<td>1966</td>
<td>4,405</td>
<td>1,960</td>
<td>25,400</td>
<td>15</td>
</tr>
<tr>
<td>1967</td>
<td>4,595</td>
<td>2,870</td>
<td>42,100</td>
<td>25</td>
</tr>
<tr>
<td>1968</td>
<td>5,045</td>
<td>2,649</td>
<td>49,108</td>
<td>28</td>
</tr>
<tr>
<td>1969</td>
<td>5,100</td>
<td>2,481</td>
<td>42,869</td>
<td>24</td>
</tr>
<tr>
<td>1970</td>
<td>5,716</td>
<td>3,305</td>
<td>66,414</td>
<td>37</td>
</tr>
<tr>
<td>1971</td>
<td>5,138</td>
<td>3,280</td>
<td>47,589</td>
<td>26</td>
</tr>
</tbody>
</table>
TABLE 11 (continued)
Work Stoppages in the United States, 1917-81

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Stoppages</th>
<th>No. of Workers Involved (thousands)</th>
<th>Number Working (thousands)</th>
<th>Days Idle</th>
<th>Percent of Estimated Working Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>5.010</td>
<td>1.714</td>
<td>27.066</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>5.353</td>
<td>2.251</td>
<td>27.948</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>1974</td>
<td>6.074</td>
<td>2.778</td>
<td>47.991</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>1975</td>
<td>5.031</td>
<td>1.746</td>
<td>31.237</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>5.648</td>
<td>2.420</td>
<td>37.859</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>5.506</td>
<td>2.040</td>
<td>35.822</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>4.230</td>
<td>1.623</td>
<td>36.922</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>1979</td>
<td>4.827</td>
<td>1.727</td>
<td>34.754</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td>3.885</td>
<td>1.366</td>
<td>33.289</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>1981</td>
<td>2.568</td>
<td>1.081</td>
<td>24.730</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>


The number of employee days of work lost each year since 1970 represents a loss of less than one-third of 1 percent of total working time. That is the equivalent to each worker in the country taking seven minutes off once a week. Time lost amounts to about one-tenth of that spent each week by most employees on morning coffee breaks—i.e., two seven-minute breaks per day in a five-day week.

Strikes tend to reach newspaper headlines and, hence, give unions their greatest visibility. As discussed in the previous chapter, the strike or the threat of a strike is a union’s ultimate weapon. In comparison to the total number of employee days worked (and the number of workers covered by collective-bargaining agreements but not on strike) strikes may appear to be minuscule in importance. However, many other workers and industries can be affected if one group of workers essential to the production of a good or a service goes on strike. The workers affected at a second remove are not included in the official data on strikes.

Empirical evidence indicates that strike activity fluctuates with the business cycle. The number goes down during recessions and depressions—as does union membership. Strike activity was extremely low in the late 1920s and 1930s as well as during the recession of 1975. Except for 1975, the decade of the 1970s was one in which prosperity was associated with an increased number of strikes (see Table 11).

Strikes are news—settlements are not. More than 100,000 union
contracts are renegotiated every year, but they are usually not publicly reported. However, the 3 to 4 percent of negotiations that end in strikes do tend to make the news. Newspaper accounts of strikes may often state that the costs involved were greater than the benefits gained and, indeed, disputes involving small wage increases do not seem worth the weeks of income that may be lost. However, a strike may impose large losses on both parties, but losses that one or the other consider worthwhile in the longer perspective. For example, the union may feel that management is not bargaining in earnest or in good faith; consequently, it may wish to teach management a lesson that good faith is worthwhile.

There is a good deal of argument about whether strikes are good or bad for the economy. Some claim that strikes are generally a healthy sign that shows an economy is a free one. Strikes can also be an outlet for workers’ emotions by giving workers a chance to “tell them off” or “teach them a lesson.” On the other side are those who do not believe that a “little strike” may be a good thing. Those who oppose strikes also emphasize that, in addition to the work hours lost and the financial losses to the workers and the company are the social costs—the deprivation of goods and services suffered by the public at large.

Costs of Strikes

The real costs of strikes to the economy are difficult to assess. The main losses occur when the halt in the flow of goods and services for consumption is immediate (e.g., air travel), or when continuous production is required (e.g., electric power). Except for perishables or for non-reproducible goods and services (say for a holiday: a Christmas lost is gone forever), it may be possible to rearrange or “make up” production. This is especially true when there was unused capacity in the industry before the strike took place. The more of the lost production that can be recovered, the less the real costs to the economy.

Union members feel strongly about the right to strike and consider any law or decision that limits the strike weapon as an important infringement of their rights. Union members also fear that the legislative, administrative, and judicial limitations that have been placed on the strike weapon act to benefit employers. A central issue for legislators is how to allow the operation of a free labor market in which collective bargaining can break down and a strike result while at the same time preventing the general public from suffering a penalty. Any attempt to soften the impact on the public may help employers. A similar problem is whether interference by the government or other third parties will benefit one of the disputants to the detriment of the other.

Benjamin Aaron has pointed out that this country’s collective-
bargaining system reflects the values on which our democratic system is based [1, pp. 230-238]. These include:

1. **Philosophical values.** The political philosophy of Americans is complex and is made up of a number of strands. Americans do not have a single-minded loyalty to any one person or institution. Their allegiances may extend to all or some of the following: self, family, church, union, employers, government—and this is not a complete list. Americans also believe in compromise, and compromise tends to make for ambiguity in an individual's philosophy.

2. **Ethical values.** These values include the importance of the dignity of the individual, the superiority of persuasion over force, and the importance of the due process of law.

3. **Political values.** Political decisions should be made by elected representatives of the public, but should be subject to the influence of a wide variety of pressure groups.

4. **Economic values.** The tradition of self-determination of one's economic destiny and resistance to governmental regulation remains strong.

One implication of the above points for the collective-bargaining system is that labor and management usually agree that government interference in the bargaining process and in labor-management conflicts should be minimized.

Over the years there has been a general reduction in the amount of violence and the number of work stoppages associated with collective bargaining and its administration. As already noted, strikes arising from representation elections, grievances, and jurisdictional disputes are now rare. Strikes do occur in connection with renegotiation of contracts: many times the general public suffers and economic resources are wasted.

Public-opinion polls indicate that, while strikes are not the number-one labor issue facing the nation, there is substantial support for compulsory arbitration if strikes last more than a few days or weeks [1].

Opposition and hostility by the general public is aroused not only by the inconvenience associated with strikes and lockouts but also by other reasons [3, p. 252]. Innocent third parties may be affected by a strike. This problem could be eliminated or minimized if both sides in a dispute shared the cost of damages to third parties. The public also has difficulty sympathizing when divisive problems internal to a union or among two or more unions cause inconvenience to other parties. Disputes of this kind rarely occur, but unions occasionally ignore the rulings of boards of inquiry in such situations, and the public generally sees this as indefensible.
Alternatives to Strikes

Compulsory arbitration or the establishment of labor courts are extreme alternatives to strikes. Establishment of a system of compulsory arbitration or labor courts would contradict the generally accepted principle of minimizing government intervention in labor-management disputes, and are generally unacceptable to both management and unions.

Mediation involves the use of a "mediator" or "go-between" who "caucuses" with both sides—individually and together. The role of the mediator is to assess the issues and propose acceptable compromises. Many different means are used to reach a solution. Since the mediator has no power to impose a solution, a mediator's task is difficult—one that is time-consuming and tiring and often does not lead to a solution.

If mediation is unsuccessful, "fact-finding" may be recommended—sometimes by law. In fact-finding proceedings, testimony is invited, a hearing is held, and a report is issued. Laws requiring fact finding usually stipulate that the parties involved refrain from strikes or lockouts until a stipulated period following the report. Once all procedures have been complied with, the parties are free to engage in a strike or lockout.

One form of final and binding arbitration is the final or best-offer type, which may consist of a total package or an issue-by-issue type. After a collective bargaining impasse, both parties submit to an arbitrator their own final best-offer as a total package or their own offers on each issue. In the total-package variety, only one of the two packages is chosen by the mediator. It is believed that the final best offer will be reasonable, since the arbitrator will choose the most equitable one. There is often a clear winner and loser in this type of arbitration. Both the employer and union forego the power to veto the final decision and, therefore, tend to be reluctant to use this method for resolving problems. Issue-by-issue arbitration allows the arbitrator to select labor's or management's last offer on each major bargaining issue under consideration.

Final best offer arbitration is used mostly in the public sector. Empirical evidence is inconclusive as to its effectiveness in resolving conflicts.

Compulsory arbitration in essence is opposed by both union and management mainly because it undermines collective bargaining. One or both parties will be reluctant to bargain in good faith if they can expect to gain by third-party intervention.

To avoid the absence of good-faith bargaining due to the expectation that the issues will end up in arbitration, an arsenal-of-weapons approach has been suggested. The original advocate of this concept was Sumner Slichter. To date, this approach has been adopted only in Massachusetts. It provides that whenever a dispute threatens public
health and safety, the governor may take any or all of the following steps [14]:

1. Require the parties to appear before a moderator to show cause why they should not submit the dispute to arbitration and, at the moderator's discretion, make a public report on which party is responsible for the lack of agreement;

2. Request the parties voluntarily to submit the dispute to a tripartite emergency board;

3. Declare an emergency and arrange that either or both parties continue production to the degree necessary for public health and safety;

4. Choose to seize and operate the plant or facilities.

The arsenal-of-weapons approach introduces uncertainty into the negotiations and, since the benefits from third-party intervention cannot be predicted, puts pressure on the parties to reach a solution.

At the federal level, the Taft-Hartley Act of 1947 instituted machinery to settle disputes involving the health and welfare of the public. If a dispute is deemed to do so, the act provides that a sixty-day notice be given for changes in labor-management contracts. Since notices are sent to federal and state mediation services, they probably encourage mediation too early.

The Taft-Hartley Act also provides that the President appoint a board of inquiry to investigate and report on the issues in a conflict if he believes that the threatened or actual dispute imperils national health or safety. The board of inquiry, after possible public hearings, reports the pertinent issues to the President along with positions of both parties, but it makes no recommendations.

The President may then direct the Attorney General of the United States to petition a federal district court for an injunction to prevent or to terminate a strike or lockout. If the injunction is granted, the conditions of work and pay are frozen for the time being, and the parties are obliged to make every effort to settle their differences with the assistance of the Federal Mediation and Conciliation Service. If these efforts fail, sixty days later, the board of inquiry, which the President reconvenes when the injunction is granted, is required to make another public report to the President—also without recommendations. The NLRB is then required within fifteen days to poll employees as to whether or not they would accept the employer's last offer. In addition, the injunction must be dissolved. By this time, eighty days have lapsed since the first application for an injunction. If a majority of the workers refuse the employer's last offer, the President may submit a complete report to Congress, with or without recommendations for action. However, the employees are free to strike
or the employer to lock out once the injunction is dissolved.

Success in reducing the number of strikes under the Taft-Hartley Act has been limited. Not only can a strike take place in spite of the complex process involved, but a number of problems are associated with the Taft-Hartley emergency procedures. These procedures have been implemented on a number of occasions when the "emergency" was a little more than an inconvenience. In fact, such emergency actions have been upheld by the courts only in defense-related situations.

The provision that workers vote on the last offer of an employer has not always achieved what was intended. The last-offer provision, which was included to ensure that the union members would get to vote on the last offer regardless of the position of the union leadership, was based on the assumption that significant differences could exist between a union and its membership. In practice, union members usually follow a union leadership's encouragement to ignore the last offer—an action that usually results in higher wages and benefits in a later offer.

The original hope of Taft-Hartley was that the workers would be more reasonable than the leadership. Recently, the opposite has proved true, and members have increasingly rejected settlements recommended by their negotiators.

If compulsory arbitration, labor courts, the arsenal-of-weapons approaches, and the emergency-dispute process are not cure-alls for labor disputes, what else can be done? An obvious matter for increased attention is improving the operation of the collective-bargaining process. Bok and Dunlop have suggested three types of possible improvement: measures to be taken by the parties themselves; measures to be taken by the parties with the cooperation, assistance, and even the prodding of government; and further legislative action to improve the collective-bargaining process [3, p. 241].

A wide variety of measures can be taken by both parties to promote settlements without resort to stoppages. All tend to reduce demands and pressures by encouraging action before deadline dates for contract expiration. These recommendations include [3]:

1. Prenegotiation conferences to influence the proposals to be made by each side, which might influence the next steps in the negotiation of possible proposals;
2. Advance joint selection of specialists to determine cost estimates of possible proposals and to gather specific wage and earnings data;
3. Early negotiations carried out well in advance of the deadline;
4. Private mediation, including possible fact-finding and recommendations by neutrals;
5. National joint machinery within an industry or industry sector to
assist in mediation or terms of agreements between parties:
6. A continuing joint study committee or a human-relations committee which would provide a forum for periodic discussion of specific problems:
7. A formula under which the parties agree to resolve one or more issues by the adoption of a specified norm or formula, such as an agreed measure of prevailing wages:
8. An advance commitment to voluntary arbitration.

These suggestions are meant to direct the creativity and imagination of the parties toward improvement of the procedures and structure of collective bargaining.

The government can play the role of prodder or initiator in a number of situations without interfering in the process of collective bargaining. Some suggested steps include [3, pp. 242-252]:

1. Detailed studies of bargaining problems and the bargaining structure with the cooperation of all parties;
2. Government appointment of a group of outsiders to work with the parties to assist them in developing procedures or, in some instances, to propose related legislation;
3. The establishment, perhaps on a temporary basis, of an agency to resolve a range of collective-bargaining disputes in which substantial federal funds are affected.

To date, little has been accomplished along the above lines. Both unions and management have been reluctant to involve the government, even on a limited basis, on the premise that it might be a license for wholesale government interference. Furthermore, the government has been reluctant to conduct extensive studies of collective-bargaining problems.

The last of the Bok-Dunlop suggestions, which is perhaps the least acceptable to the parties, is for new legislative action. They suggest the following [3, pp. 241, 252]:

1. That the studies of previously mentioned collective-bargaining problems be conducted by Congress;
2. That legislation be passed requiring submission of a dispute to a national body established by labor and management in the particular industrial sector affected. This body would be empowered to recommend terms of settlement.

The most desirable method of improving collective bargaining and mitigating the problems associated with disputes appears to lie with
the two parties involved. Government intervention, no matter what its nature or extent, is opposed by both union and management. Nevertheless, pressure from the public and government will probably be necessary to bring about improved performance in settling disputes.

REFERENCES FOR CHAPTER 6


Other Problems of American Unions

It was pointed out in Chapter 3 that union growth is expected to continue to take place in such sectors as services, government, and nonmanufacturing. The most growth in the number of jobs is expected in the health professions, some types of teaching, and other skilled and professional occupations. Jobs in agriculture and manufacturing will either decrease or will increase very slowly. In this chapter we consider, among other things, the potential for union growth in the agricultural and the governmental sectors.

Potential for Union Growth in Agriculture and in Rural Areas

The prospects for unionization in rural areas can best be discussed in terms of farm and of nonfarm jobs. Analysis indicates that the prospects for union growth differ significantly between the two.

One of the traditional impediments to union organization in the agricultural sector is the large supply of low-paid, unemployed, and underemployed—that is, persons not working or unable to work at their full potential—sharecroppers and other agricultural workers, who potentially can provide a large number of strikebreakers. Much of this large supply consists of workers displaced by technological change as machinery was substituted for labor. Labor surpluses in areas such as the southwestern United States and Florida have been further increased by the legal and illegal migration of workers from Mexico and the Caribbean [17].

Other factors that impede union organizing in agriculture include:

1. seasonality of farm work;
2. migrant status of many farm workers;
3. remote location and dispersion of farm workers;
4. high cost of organizing in rural areas.
The high cost of organizing is partly owing to the exclusion of farm workers from coverage under the NLRA, which was not due so much to the unique characteristics of agriculture as to the relatively weak political and economic position of agricultural workers compared to the political and economic power of their employers. Such exclusion means representation elections are not required. In order to gain recognition, workers and unions must depend on the uncertain tools of force, pickets, and boycotts—pressures for recognition that are likely to be accompanied by violence on both sides.

The growing size and vertical integration of agricultural industries continue to favor union organization of agriculture. Vertical integration in agriculture has meant a consolidation of ownership from preparation of the soil to the marketing of the final agricultural product. Vertical integration has also tended to reduce the geographical mobility of workers.

Union and public support for union organization in the agricultural sector tends to fluctuate. The AFL-CIO and independent unions support such farm workers' unions as the United Farm Workers (AFL-CIO). This union has had significant success in organizing grape growers, but has been less successful in its efforts to organize workers on other crops. Competition from the Teamsters has made the efforts of the United Farm Workers more difficult.

If agricultural workers were included under the NLRA, that might not necessarily make it easier for them to organize. Even with a law similar to the Wagner Act, organization and the spread of collective bargaining would not only depend heavily on the union's strength, determination, leadership, and motivation to organize, but also on the ease with which employers could continue to operate during strikes. History and current trends suggest that unionization of agricultural workers will most likely expand at a slow rate. Many agricultural industries fear unionization both because it rejects existing power arrangements and for fear that strikes could have devastating effects on their businesses during harvest seasons.

In the last few decades there has been a large increase in the size of the nonfarm population living in rural parts of the country. Unions are also weak in nonfarm industries located in rural areas, but they are relatively stronger than the unions in agriculture itself. The nonfarm industries use machinery and organize their workforces in manners that have traditionally been settings for the growth of unions. Some of these industries deal with resources such as minerals and pulp and paper. Labor in such industries is a small part of the total cost of production, even though the workers are relatively skilled. Hence, employers have less reason to oppose unionization, and therefore
resource-oriented industries are more likely to be unionized than other rural nonfarm industries.

Many industries in rural areas are marginal operations, are labor-intensive, and pay lower wages than urban industries [30]. Industries such as furniture makers and certain garment manufacturers have relatively low skill requirements and are often located in areas where there is a surplus of labor. Not only is the nature of these industries not conducive to organizing, but the rural nonfarm workers are themselves difficult to organize: their agrarian backgrounds usually incline them toward conservative individualistic attitudes that are incompatible with collective action. In addition, local rural power structures often have an agrarian orientation that makes them take strong positions against the unionization of any industries.

Unionization of both farm and nonfarm workers is expected to continue to take place slowly in rural areas. Rural areas are among the poorest in the country and contain an inordinate proportion of workers with little education and with skills proper mainly for highly competitive, marginal, low-wage industries—factors that traditionally have impeded union growth, especially in the South.

Potential Growth for Unions in the Government Sector

The number of employees and the amount of unionization in the government sector—federal, state, and local—has been growing in recent decades. Rising government expenditures at all levels, caused in large measure by an increase in demand for more goods and services supplied by governments, have stimulated the rise in employment. "A changing social and economic order, a changing theory of the proper role of government, and a changing concept of democracy" [21, p. 5] have all helped to stimulate the growth of the public sector.

As discussed in Chapter 3, not only was employment in the government sector expanding before the early 1980s, but the unionization of government employees was expanding also. Organizing and collective bargaining at the federal level have been stimulated by a number of executive orders authorizing such activities. At the state and local level, union growth depends on the political power of unions generally, the willingness of various organizations to take advantage of organizing opportunities, and the enactment of appropriate state legislation. The pressure "... for such legislation will come primarily from teachers' organizations, state nurses' associations, and American Federation of State, County, and Municipal Employees (AFL-CIO), and other unions representing employees in public jurisdictions" [14, p. 237]. Legislation conducive to organization in the public sector may also be promoted by professional organizations. They are increas-
ingly concerned with the professional status of their members as well as with collective bargaining as the differences between professional organizations and unions become blurred.

The degree of organizing success at the state and local level will depend upon whether or not cities and states keep pace with wage increases, improve working conditions, and make improvements in personnel management. Merit pay systems as well as civil-service systems based on subjective standards will come under increasing attack. Such systems will have to share decision-making with employee organizations.

The legality of collective bargaining is one of the major problems facing public-employee organizations. The federal government issued an executive order in the 1960s and passed a law in 1978 permitting collective bargaining by federal employees. In addition, a number of states have passed laws that permit government officials to bargain with public employee organizations. But most states and local communities do not have such laws, and, in the absence of permissive legislation, many government employers believe it is illegal for them to recognize and bargain with employee organizations [21, p. 287].

Differences between government and private employment also create difficulties for public-employee unionization. Private workers may use the strike threat as a legal bargaining weapon, but public employees' strikes are illegal in the federal government as well as in many states and cities and are deemed especially unacceptable by the general public.

Although there are impediments to organizing in the government sector, it nevertheless was among the most rapidly unionizing sectors in the 1970s, and has considerable potential for further organizing. Budget constraints and lagging wages and benefits in the public sector stimulated union growth during the 1970s and early 1980s. Archaic and slowly reacting political systems at state and local levels will probably also assure a fertile area for public-sector organizing in the future. If voters demand constitutional limits on the right of state and local governments to tax, such limits will lessen the ability of these governments to raise wages, and thus probably additionally stimulate the unionization of government employees.

**Special Case of Collective Bargaining in the Public Sector**

A rapidly accelerating use of collective bargaining has accompanied the tremendous growth in the number of government employees at the federal, state and local level. Perhaps surprisingly, most of the growth in government employment has been at the state and local level (see Table 12). More than half of all federal employees are
TABLE 12
Government Employment in the United States as a Percent of Total Nonagricultural Employment, Selected Years, 1940-81

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Federal</th>
<th>State and Loca</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>13.0%</td>
<td>3.1%</td>
<td>9.9%</td>
</tr>
<tr>
<td>1945</td>
<td>14.7</td>
<td>7.0</td>
<td>7.8</td>
</tr>
<tr>
<td>1950</td>
<td>13.3</td>
<td>4.3</td>
<td>9.0</td>
</tr>
<tr>
<td>1955</td>
<td>13.6</td>
<td>4.3</td>
<td>5.3</td>
</tr>
<tr>
<td>1960</td>
<td>15.4</td>
<td>4.2</td>
<td>11.2</td>
</tr>
<tr>
<td>1965</td>
<td>16.6</td>
<td>3.9</td>
<td>12.7</td>
</tr>
<tr>
<td>1970</td>
<td>17.7</td>
<td>3.9</td>
<td>13.9</td>
</tr>
<tr>
<td>1975</td>
<td>19.2</td>
<td>3.6</td>
<td>15.6</td>
</tr>
<tr>
<td>1980</td>
<td>17.6</td>
<td>3.1</td>
<td>14.6</td>
</tr>
<tr>
<td>1981</td>
<td>17.5</td>
<td>3.0</td>
<td>14.5</td>
</tr>
</tbody>
</table>

SOURCE: and other selected U.S. Department of Labor publications

presently organized, and almost 40 percent of state and local employees are also organized. Although a number of factors are responsible, the favorable attitude of the federal government toward collective bargaining is especially notable.

Seven decades ago, the Lloyd-LaFollette Act of 1912 permitted federal employees to petition Congress individually or collectively and made it possible for postal employees to join organizations that did not engage in strikes. Before 1912, federal employees were bound by a gag rule that forbade them or their associations from petitioning Congress for wage increases and other benefits except through the departments that employed them. However, government employees were later exempted from the terms of the National Labor Relations Act (NLRA), and the Taft-Hartley amendments to that act provided that any federal employee who participated in a strike was to be discharged. In addition, Public Law 330 of 1955 made it a felony to strike against the federal government and required new employees to sign affidavits to the effect that they would not strike.

The first positive step to actively encourage collective bargaining by federal employees was President John F. Kennedy's 1962 Executive Order 10988, issued after a task force headed by the then Secretary of Labor Arthur Goldberg reported that federal policies regarding its own employees lagged far behind employee policies in the private sector. President Kennedy's executive order gave federal
employees the right to organize and bargain collectively through representatives of their own choosing, and gave government employees the same rights that the NLRA had given those in the private sector.

In 1963 President Kennedy issued two additional orders that established a "Code for Employee Organizations" and a "Code of Fair Labor Practices," "to assist in securing the uniform and effective implementation of the policies, rights and responsibilities" described in Executive Order 10988. The standards set up in the "Code for Employee Organizations" were designed to ensure democratic processes and prevent corruption in public-employee unions. The "Code of Fair Labor Practices" had provisions pertaining to unions and management similar to those of the NLRA. It prohibited management from interfering with employees in the exercise of their collective-bargaining rights and from refusing to grant proper recognition to or from either encouraging or discouraging membership in employee organizations. Labor organizations were prohibited from interfering with the employees' collective-bargaining rights; from refusing membership to any employee because of race, creed, color or national origin; from participating in a strike, a slowdown, or in related picketing; and from inducing management to coerce employees in connection with the exercise of their collective-bargaining rights.

The Kennedy orders contained many provisions resembling those of the NLRA but also many different ones. The clearest difference was the protection given to the role and authority of management: management was empowered to determine appropriate bargaining units, request advisory arbitration of disputes (the results of arbitration, however, were not binding on management), and to approve negotiated agreements. Indeed, Executive Order 10988 required that management prerogatives—including the reservation of final authority to management—be included in all agreements.

The executive orders also differed from the NLRA in respect to the kinds of recognition accorded to organizations representing employees. In addition to exclusive recognition, a type accorded organizations that are entitled to formal recognition if chosen by a majority of the employees in the bargaining unit, formal recognition could be extended to organizations with at least 10 percent of the employees in a bargaining unit, while informal recognition could be granted to organizations not entitled to other forms of recognition. Unions with informal recognition could present views to management on matters of concern to their members, but had no bargaining rights.

In October 1969, President Richard M. Nixon issued Executive Order 11491 to govern federal employee bargaining. This new order
established a central authority in the executive branch to make policy decisions and settle disputes between agencies and unions, the Federal Labor Relations Council (FLRC). The FLRC was created as the highest policy, administrative, and appellate agency for the federal collective-bargaining program, while the Assistant Secretary of Labor for Labor Management Relations was given authority to make decisions on bargaining units and representation matters, unfair labor practices, and violations of the standards of conduct for labor organizations. Decisions of the assistant secretary could be appealed to the FLRC. The Federal Service Impasse Panel was established to settle impasses in negotiation that could not be settled through mediation. Thus, Executive Order 11491 transferred authority from department and agency heads to a central machinery [7, p. 372].

Executive Order 11491 made a number of other significant changes. It provided for exclusive recognition only, a provision that strengthened strong federal employee unions and weakened further those that were weak. The order also prohibited supervisors from being represented by a labor organization or from serving as representatives of a labor organization. Finally, refusal by either federal employers or unions to negotiate was made an unfair practice.

One group of experts concluded [21, p. 78]:

Executive Order 11491 maintains some of the basic foundations and concepts of Executive Order 10988. The Executive Branch continued to be responsible for implementing and controlling the order. Management retains considerable authority, including a mandatory management rights clause in each agreement and approval of the agreement by the agency head. The scope of negotiation remains far narrower than in the rest of the public sector, let alone that in the private sector. Labor organizations are forbidden to strike. Finally, the new Executive Order is a continuation of the tradition that federal labor-relations programs are issued administratively rather than determined by Congress.

In 1978, as part of President Jimmy Carter's Civil Service Reform Act, the right of federal employees to join unions and bargain collectively (which had previously been granted by executive order) was codified. Responsibility for administering the collective bargaining provisions of this Act was consolidated in the Federal Labor Relations Authority (FLRA) composed of members appointed by the President. Specifically, the FLRA determines bargaining unit boundaries, supervises elections, and certifies bargaining agents. The FLRA may hold hearings and resolve complaints regarding unfair labor practices. In essence, FLRA extended (with some exceptions) the Taft-Hartley Act to the federal worker.
Collective Bargaining by State and Local Government Employees

Collective bargaining by state and local government employees has grown considerably, but union strength at those levels is much less than at the federal level. Multiple unions with piecemeal jurisdictions tend to face the employing governments, and the bargaining structure and process tend to be complex [29]. Public policy regarding state and local bargaining advanced considerably during the 1960s and 1970s, as it did at the federal level. Before 1962, no state permitted or required bargaining by municipal employees. By 1968, about a third of the states had adopted comprehensive labor relations programs, and most states either had statutory or tacit recognition of the right of their employees to join unions and to negotiate. As public sector collective bargaining increased and became more acceptable, the structure and process of bargaining became somewhat simplified.

Most state and local legislation on collective-bargaining requirements is patterned after the Taft-Hartley Act, which only requires that the public employer “meet and confer with union representatives.” A few states, mainly in the South, prohibit organized activities by state and municipal employees. These prohibitions, however, have only limited legal validity. In 1969, for example, a federal district court declared unconstitutional a North Carolina statute that barred police officers and firefighters from belonging to unions [21, p. 78; 31]. Moreover, in 1970 two states, Hawaii and Pennsylvania, legalized the use of the strike by public employees after procedures to settle disputes are exhausted—so long as public health and safety are not endangered [37].

In spite of the acceptance of collective bargaining, such acceptance is mostly tacit; very few states have facilitated collective bargaining by providing machinery to resolve representation questions, by developing means to prevent unfair labor practices, or by encouraging the bargaining relationship. Other problems associated with collective bargaining at the state and local level include: inexperienced state and local administrators, fragmented bargaining units, submergence of professional and clerical workers in units dominated by blue-collar workers, and problems associated with the scope of bargaining [3, pp. 783-787].

There are a number of occupations in which union organization is fairly strong in many state and local jurisdictions. Many organized teachers negotiate about classroom size, curricula, discipline, and other qualitative aspects of their jobs. University professors, police officers, firefighters, nurses, among other public employees, also exert
similar influence through their respective unions. The sometimes highly publicized actions of a few such unions have led some citizens to assume that the public employee unions have more power than other interest groups in influencing the extent and quality of public service [3, pp. 783-787].

Collective Bargaining at All Levels of Government

A collective-bargaining problem common to all levels of government has been how to work within the framework of civil-service regulations. Such regulations often spell out rules or guidelines for wage increases, promotions, and job security and may limit the issues about which public managers are allowed to bargain. Conflicts do arise: although civil-service regulations set minimum wage levels, unions will attempt to raise these levels through collective bargaining.

Before discussing the important issues of strikes and compulsory arbitration in the public sector, it is worthwhile to discuss a number of peculiarities or differences that are associated with collective bargaining in the public sector. These peculiarities are sometimes used as the basis of traditional arguments against union organization in the public sector. However used, they amount to factors that set the public sector apart from the private sector.

It is normally assumed that the government represents the sovereign power and, therefore, sets the conditions and standards of employment for its employees. But, as previously noted, in the United States the federal government relinquished part of its sovereignty over its employees in the Lloyd-LaFollette Act of 1912. At the state and local level, however, the right to organize and bargain is still questioned, chiefly in light of the traditional idea that a strike against the sovereign power is tantamount to insurrection or rebellion. Vital and important services beneficial to the community or nation would suffer from work stoppages. It should be noted, however, that not all public servants work at jobs that are vital to government operations: neither do public employees necessarily perform work that is as important as that of some private employees such as transportation workers or workers in electric and gas utilities.

Another difference between the public and private sectors is that negotiators representing a public employer often do not have the final authority to compromise or reach a bargain. Increases in wages or fringe benefits require additional expenditures and the increases must be approved by finance officers or by an elected or appointed board or council. If the additional expenditures require a tax increase, the matter may have to be voted on by the electorate.

A third peculiarity is that many public services are thought of as
free in the sense that they are paid for collectively by taxes and, should a strike occur, there is no loss of revenue or income to the employer. But the public may be gravely inconvenienced, for example, if there is no garbage pickup. In such an instance, political pressures to settle the strike quickly may be brought on public officials.

The strike issue in the public sector is perhaps the most emotional one. Police officers and fire fighters are sometimes given as examples of those whose services are often required in emergencies. Further, these are essential services produced under monopoly conditions where only the government is the provider of the service. In terms of our earlier discussion of elasticity, we are saying that the demand for (and provision of) public protection has no substitutes and is inelastic. Police officers are also the embodiment of public authority frequently called on to preserve order in, of all things, strikes. Therefore, the question is asked, “How can these workers be allowed to strike?”

On the other side, it is argued that not all public employees are involved in crucial activities. Furthermore, police officers and fire fighters, as well as other public employees, can have grievances concerning wages, working conditions, and unfair treatment by the employer. The question may be, “Should public employees be allowed to solve their problems in a fashion similar to those allowed workers in the private sector?” In the early 1980s, only eight states allowed government workers to strike (Alaska, Hawaii, Minnesota, Montana, Oregon, Pennsylvania, Rhode Island, and Vermont), and then only after a number of other avenues of resolution had been tried.

Bok and Dunlop have commented that there are three possible solutions if there is an impasse in collective bargaining in the public sector [3, pp. 783-787]:

1. Government employees should be allowed to strike except when the public health or safety is in jeopardy;

2. If the impasse cannot otherwise be settled, a strike of public employees should not be permissible but the dispute should be resolved by compulsory arbitration that is binding on both the governmental employer and the employee organization;

3. Recommendations should be made by a fact-finding body.

The first solution—the strike—is simple and workable so long as it can easily and clearly be decided when the public health or safety is affected and who should so decide. When state and local governments have specific legislation on government-employee labor disputes, the most common procedure to circumvent impasses has been mediation followed by fact-finding—in essence, the third solution. Unfortunately, this procedure does not yield a solution to the impasse if the fact-finding is not acceptable to both parties.
As a result of problems associated with the first and third solutions, many state and local governments are moving towards the use of compulsory arbitration. One observer has noted [33, p. 203]:

Because of the union's loss of the right to strike in public service, compulsory arbitration must be included in the collective bargaining procedure if it is to be at all meaningful. Whether this is done by means of a government "Labor Court" or by nongovernmental personnel, the legal problems faced will be substantially the same. Problems of surrendering governmental immunity, unlawful delegations of legislative power and authority, denying equal protection, etc. must be faced.

The area of government-labor relations is not static; creative approaches are needed to solve the many perplexing problems. Compulsory arbitration could be the answer to these problems. It compensates for the loss of union's right to strike. At the same time, a carefully drawn statute (as illustrated by the Minnesota Act) would still safeguard the government's final authority. While compulsory arbitration certainly will not be the panacea for all government-labor relation problems, it deserves a more intensive examination into its merits as a possible solution.

Perhaps the main reason why compulsory arbitration is not more widespread in the public sector is because use of a third party can result in fiscal and budgetary decisions that the government employer may not be able to live up to. In other words, a third-party decision may not be attuned to a government's fiscal position. It should be remembered, however, that, as in the private sector, voluntary arbitration is often used in the public sector to settle disputes that arise from the interpretation and administration of a contract agreement.

The basic policy question is whether workers should be treated differently because of the nature of their employer. To permit or to admit that they should be treated differently encourages a double standard with regard to the right to organize, bargain collectively, and strike. Two authorities have observed rather pessimistically that [38, p. 398]:

one may conclude that the collective bargaining process, though recognized as desirable and lawful in the public sector, is only a poor reflection for that which exists in private industry. Basically, the process appears to be a willingness to accept employee rights to organize but having done this it becomes a matter of negotiating so that recommendations will be heard and passed on. This by itself does not provide the public employee with a collective bargaining climate in any way comparable to that which prevails in private industry. It does not seem likely that efforts to strengthen the public employee positions will decline in the future, but rather, will gain strength in an effort to extend to this sector the same advantages that have accrued to employees in the private sector.
It is obvious that the trends affecting public employees are not peculiar to the United States. "Highly developed countries as different as France, Norway and Sweden have nevertheless come to the conclusion that public servants should not, as a group, be denied a last recourse which is available to all other social groups they serve" [35, p. 214].

At the federal level, public employees have made significant gains in terms of rights through various executive orders and through legislation. These gains were apparently threatened in 1981 when the nation's air transportation system was disrupted when members of the Professional Air Traffic Controllers Organization (PATCO) walked off their jobs and then were dismissed by President Reagan for violating laws prohibiting walkouts by federal employees. Citing the "no-strike" oath federal employees take, he gave the strikers 48 hours to return to work or be dismissed. As a result, 800 controllers reported to work within this period while 12,000 controllers did not and were dismissed. In addition, the Federal Labor Relations Authority (established by the Civil Service Reform Act of 1978) began deliberations which resulted in PATCO being decertified as a union representing air traffic controllers. It appeared that for the first time in U.S. history the government had decided to "break" a union.

It seems, however, that the PATCO strike and controller dismissals were unique actions and would not set the stage for future U.S. industrial relations. PATCO was viewed by most of organized labor as a "maverick" union even when it went on strike. Hindsight tells us that all parties mishandled the situation. The Reagan Administration was new and had a case to make and an attitude to convey. Misunderstandings and poor communications further compounded the situation. Since PATCO had supported the Reagan presidential campaign, PATCO leaders believed they were dealing with a friendly and sympathetic administration. By 1983, two years later, most but not all controllers had been replaced and air service was almost back to normal.

The present state of union-management relations in the government sector has been summed up as follows [32, pp. 224-225]:

The components of the systems model in which labor-management relations is conducted have shifted markedly since the late 1960s and early 1970s. The old threats of government by union[s], political blackmail by unions, and union dominance over public policy issues never materialized. Instead, the situation today is in a greater degree of flux and uncertainty. Individual administrators and union officials have much less control over events than was the case in the past. Victory for one side or another is difficult to achieve or even identify. Management, political, and employee roles are less defined as well.

Finally, the potential for labor conflict is heightened since the viability of the public-sector unions is threatened. In addition, the bargaining climate is being muddied and politicized. It is a situation
in which there can be no winners. Perhaps this suggests the beginning of the maturation of labor-management relations in the public sector.

**Labor's Participation in the Political Process**

In most of the Western world, labor movements have traditionally been concerned about more than wages, fringe benefits, and working conditions. But concern for social and political matters in the early years of the United States nearly always resulted in disaster for unions. The original AFL philosophy was adamant against encouragement of governmental programs that might help the labor movement because such programs have strings attached to them and because government intervention could weaken the workers' support of unions. But, as discussed earlier, employer opposition through the use of boycotts, injunctions, and yellow-dog contracts caused a change in this philosophy, and unions began to lobby for legislation that would answer their needs.

While no political labor party has emerged, U.S. unions—even from their early days—have been far from apolitical. Many in the labor movement have said that organized labor should either stay out of politics or have its own labor party, but the dominant philosophy has been a middle-of-the-road one, with labor supporting its friends and trying to punish its enemies.

Labor's role in the political process falls principally into two spheres: (1) direct political action; (2) lobbying. Unions do not maintain an open and permanent affiliation with any specific party in pursuing their direct political activities. Nevertheless, except for one presidential election in the 1970s, when neither of the two major parties' presidential candidate was recommended, union leaders have in general supported the presidential candidates of the Democratic party. At the local and state level, however, there have been many instances in which Republican party candidates whose views were in accordance with those of organized labor were union-supported.

The role and ability of union leaders to deliver the union vote has long been debated. However, as Albert Rees has noted, "the union member typically votes Democratic because of the tradition of his family, his ethnic group, or his neighborhood rather than because the unions urge him to" [26, p. 184].

The official AFL-CIO agency responsible for persuading its international unions and its other divisions to make greater efforts to mobilize money and manpower for political campaigns has been the Committee on Political Education (COPE). COPE continually organizes meetings and conferences and also disseminates literature in order to encourage the leaders and members of all unions to work toward common political goals.
The effect of union activities on the political process is not easy to ascertain. Apart from COPE, international unions and the AFL-CIO as a whole have committees that, through education and publicity, attempt to influence legislation and public opinion. These committees contribute funds directly and indirectly to legislators at both the state and national levels.

Perhaps even more important than the direct political action of unions is the role they play as lobbies or pressure groups. Major farm and business organizations have always been represented by lobbies and it was inevitable that labor would follow their examples. Unions historically have lobbied for improvements in collective bargaining rights, for better union security provisions, and against antiunion legislation. More important to society as a whole, however, are the wider social aims unions typically espouse. For example, unions have favored the institution or the broadening of such programs as social security, public housing, compensation of workers injured on the job, minimum wage laws, and unemployment insurance, as well as increases in the services provided by public school systems. Unions have also been in favor of policies to maintain full employment, revision of the tax structure to shift more of the burden to higher income groups, civil rights, extension of medical care, public welfare—in fact the gamut of social legislation and of protection for labor. Unions have taken positions on economic or foreign policy, sometimes in support of and sometimes in opposition to official government positions. More recently, leaders of the labor movement have taken stances on such matters as energy problems, consumer protection, clean air and water, and job safety.

Some researchers have begun to provide empirical documentation of the political effects of unions. Kane and Rubin [12, pp. 143–144] note that:

These effects may be as important as the other effects of unions. These unions have been important in explaining minimum wage legislation and, [other] issues generally considered as more or less independent of union power. In a complete model of the economic influence of unions, it is necessary to consider also the ways in which the political behavior of unions influence the economic environment.

Unions also have supported the Occupational Safety and Health Act (OSHA) of 1970, which was passed in an attempt to curb increasing injuries incurred on the job. Existing state and federal restrictions were out of date, too broad in scope, and rarely enforced. The act requires that employers provide each employee a work environment free from recognized hazards likely to cause death or serious physical harm as well as in compliance—initially—with some 4, 400 standards specified by the U.S. Department of Labor [6]. Most of
these standards have since been modified and many eliminated in the decade since the act's passage.

OSHA has been a very controversial act, with business accusing both government and unions of harassment. It has been suggested that unions have used OSHA to harass companies with which they have a dispute. Further, it is alleged that in certain industries unionized companies are inspected more often than nonunion ones [3, p. 625]. Some critics advocate amendments to require cost-benefit studies of certain OSHA actions, while defenders of the act resist such analyses, especially as they relate to OSHA's decisions. Costs are relatively easy to estimate compared to the estimation of benefits, and the evidence suggests that in some cases costs are significant. Estimating benefits, however, requires one to make many broad assumptions and, hence, it is difficult to measure benefits with any precision.

Unions are approaching changes affecting job-related health and safety practices in a number of ways. Workers and unions do not perceive the matters at stake uniformly and their perception can easily be different from management's. These differences may well result in the formulation of models for cooperative endeavors [13, p. 154]. Joint union-management safety and health committees have been established in the federal government and a few companies. In companies where such committees exist, worker safety complaints go to the committees instead of OSHA. Companies with such committees are often relieved of OSHA safety inspections.

In spite of the tendency of union locals or national unions to be more concerned with the economic well-being of their members and their organization, the official AFL-CIO goal, as well as that of other labor organizations, is toward more social involvement. Such involvement, as described above, goes beyond concern with wages and fringe benefits and is usually initiated at the national level. One observer of the labor scene [27, pp. 282 and 290] notes that it is true that American unions today devote their major attention to control of the job, improved working conditions, and higher standards of living for workers. They seek to achieve these objectives primarily through collective bargaining rather than through class propaganda warfare or through seeking political office directly. Nonetheless, American labor organizations have engaged in substantial political activities throughout their history—never more strongly than at present. These activities, however, assumed the pattern of pressure politics—attempts to influence public policy—rather than party politics per se.

Labor's legislative program goes far beyond that of Samuel Gompers' time and considerably beyond the particular causes of labor as a special interest group. Thus, the labor lobbyist speaks for many millions of people on an extremely wide range of issues.
It is impossible to discuss in a brief compass all of the causes and policies for which unions have lobbied, but we can discuss a few of the more important issues. We shall start with the short-run lobbying activities of unions with respect to economic policy. Next, we will treat the political success of unions in affecting policies and programs concerning education, labor power, health, welfare, and income maintenance. Last, we will consider a number of problems that have received a good deal of emphasis in recent years.

**Economic Policy**

Labor organizations have supported legislation that would legalize, protect, and even encourage unionism and collective bargaining. Labor has lobbied vigorously

- Against compulsory arbitration schemes that would (from labor's standpoint) undermine free collective bargaining;
- For the extension of collective-bargaining rights to, e.g., workers in nonprofit organizations and on farms;
- Against wage and price guidelines and controls (incomes policies).

The direct benefit to union members from lobbying in respect to the first two categories is easily apparent, but the third example may need some explanation. Any control that relates wage increases to productivity, or perhaps to some artificial standard, limits the power of unions and the concept of collective bargaining in a "free" atmosphere.

Unions are basically against any form of regulation that would set limits on wages just as business firms are against regulation of prices. The various types of incomes policies tried in the United States have somewhat effectively held inflation down for short periods of time—a result primarily accomplished by holding down wages. Hence, the role of collective bargaining and the power of unions are reduced during such periods. At the same time, the government historically has been ineffective in controlling prices (except those for labor). As a result, organized labor is leery of incomes policy proposals because they see governmental policy as discrimination against wage earners and for profit seekers. More importantly, however, both producers and unions are opposed to incomes policies because they distort market forces

1. Productivity refers to the amount of the worker's output per unit of time—typically per hour. An increase in productivity makes it possible to pay a higher wage. When the government attempted to limit wage increases to 3.2 percent because it was estimated that productivity (on the average) was increasing at 3.2 percent a year, organized labor objected.
(supply and demand) in all markets. Further, our economic knowledge and experience indicates that these policies, while perhaps effective for short time periods, are ineffective in the long run. This is primarily true, because such policies tend to treat the "symptoms" of inflation as opposed to the causes.

The ability of unions to improve the economic well-being of their members is often questioned. Economists, and particularly economic theorists, as discussed in Chapter 5, have tended to put maximum emphasis on market forces as determinants of wages and employment. The classic view in economics is that market forces are the only determinants of wages in the long run. However, the depression of the 1930s began to reveal obvious imperfections in the market mechanism, and today only a few economists would deny the importance of nonmarket forces in wage determination. Nevertheless, most economists continue to emphasize the role of markets in wage determination, while laymen and unions tend to stress the roles of collective bargaining and government laws and policies.

In addition to legislative activities that benefit unions and their members monetarily, unions have supported legislation whose economic and other benefits may extend to many others. Such legislation includes minimum-wage programs, improved standards for worker's compensation for injuries incurred on the job, and extended unemployment compensation.

Perhaps most important of all has been support by the AFL-CIO and the rest of the labor movement for increasing the number of jobs through both economic policies and direct job creation. Organized labor was still supporting jobs programs in the early 1980s, but was unable to muster enough political support for major efforts of this kind. This is unusual because at that time the nation, as a consequence of the 1981-82 recession, faced by far the highest unemployment rates since the decade of the 1930s. (Even during the recovery of 1983, the unemployment rate averaged 9.6 percent, while the number of people unemployed averaged nearly 11 million.)

Other economic policies the AFL-CIO favors when the economy is in recession include increases in federal spending and cuts in personal income taxes in order to stimulate business activity. Both serve to increase demand, and thus employment. The tax cuts advocated by unions put spending power in the pockets of the lower- and middle-income groups, many of whom are union members.

In general, the AFL-CIO favors policies to achieve full employment, stable prices, and economic growth. The policies it favors are based on the assumption that proper government stimulation of demand can produce relatively low levels of unemployment. It also believes that more specific or selective economic policies may be needed. In addition the AFL-CIO takes the position that an economic
and political consensus among employers, government, and unions is necessary to prevent inflationary pressures when unemployment is low.

The AFL-CIO favors an industrial policy. Part of that policy includes the provision of pooled pension and other employer-employee moneys to provide investment funds for industries that find it difficult to modernize in order to meet international competition. In addition, the AFL-CIO and its affiliates favor international trade policies to prevent what union leaders consider to be unfair policies of other countries, for example, low wages and inferior working conditions, government subsidies for exports, and government barriers to imports, all of which provide foreign industries with advantages in the U.S. market.

Education and Training Policies

Trade unions vary widely in the amount of interest they show in education and training. Craft unions, such as those in the construction trades, are interested in apprenticeship and other training programs as a means of maintaining wages, for such programs enable these unions to limit the supply of labor as well as improve its quality. These unions also wish to maintain craft identity by instilling pride in their particular craft.

Industrial or noncraft unions have a different point of view about education and training. Their view reflects their concern about maintaining wage rates against competition from unorganized workers, protecting wage rates from being undercut by the hiring of trainees, gaining education and training benefits for their members through collective bargaining, and using training programs to protect such vital collective-bargaining interests as seniority. The last objective is often achieved if senior employees have a right to be trained for higher-paying jobs for which they are eligible by virtue of their seniority [1, pp. 63-68].

Because of their wider interests and functions, state, local, and national federations are likely to take a broader view of education and training. For example, they are apt to favor general education that enables workers to participate more sensibly in the political process. They also have been major supporters of free educational programs to help disadvantaged workers. Federations are also interested in education and training as a part of programs and policies designed to reduce unemployment.

The federations' broader interests derive in some measure from their political role, which requires them to work actively with civil rights and other groups to achieve common economic, social, and political objectives. Federations, more often than most national or local unions, attempt to promote the interests of blacks and other minorities who have been barred from union benefits by racial discrim-
ination. Nevertheless, federations are likely to appraise social objectives in terms of their effect on the institution of collective bargaining. Federations therefore tend to insist that education, manpower, and training programs be compatible with established collective-bargaining procedures and seniority.

American unions helped establish universal free education in the United States in the nineteenth century. The labor movement realized that workers were not likely to make very much progress in an industrial society without education, which, in the early 1800s, had to be paid for by parents, and working-class parents could not afford to do so.

Although the labor movement has supported academic training in order to prepare workers for citizenship, it is usually more interested in vocational training. But its attitude toward vocational education is somewhat ambivalent. Unions in the skilled crafts are strongly committed to the apprenticeship system as a means of preparing workers for skilled trades. This commitment occurs in part because apprenticeship systems usually are products of collective bargaining and, therefore, are controlled to a significant degree by unions. Apprenticeship training also combines academic with on-the-job training, which workers always seem to favor. Hence, even though unions endorsed vocational education very early—Samuel Gompers supported both the Smith-Hughes and George-Dean acts, which established the vocational education system in the United States—they have rarely deviated from their traditional belief that most trades cannot be learned in classrooms and that vocational education by itself does not provide adequate preparation for the skilled trades. Unions have, therefore, favored vocational schools that provide instruction in academic subjects and also prepare students for apprenticeship programs [34, p. 70].

### Union Attitude toward Education and Training Programs

The attitudes of organized labor toward education and training programs can be understood by considering the unions' fundamental concerns. First, the American labor movement has always given first priority to the maintenance of collective bargaining as an institution. Unions, as we have seen, have strongly favored those forms of education and training most directly related to the collective-bargaining system.

Second, the skilled trades derive their power in large measure from their control over the supply of labor. They have, therefore, been intensely interested in controlling the training of skilled nonunion workers who might compete with them, and have always taken a dim view of skill training outside the collective-bargaining system.
Third, unions are very much concerned with the productivity of union members. Union leaders realize that they will not be able to maintain high wages unless unionized workers are more productive than any alternative set of workers available to employers. Unproductive workers give employers an incentive to substitute machinery for labor or to operate under nonunion conditions. In order to police their jurisdictions, therefore, unions have found it necessary to have an adequate supply of well-trained labor. Thus, craft unions strongly favor the apprenticeship system, not only because it is controlled by collective bargaining, but also because they are convinced that it gives workers practical on-the-job experience, as well as some understanding of the concepts of their trade. Unions believe that workers trained in both the concept and the practice of their trades will be much more flexible and able to perform a greater variety of jobs than they would be if their training were narrow and specialized. General training, they feel, makes workers less vulnerable to unemployment than the specialized training favored by employers. However, employers tend to retain the best-trained workers when their demand for labor declines.

Although craft unions prefer training through apprenticeship and have given increasing emphasis to it since World War II, members are admitted who are trained through other channels. Indeed, a majority of the skilled crafts workers have not served apprenticeships. Unions are likely to admit such workers in order to maintain control of the labor market. The unions' position would clearly weaken if there were many nonunion workers who employers thought skilled enough to hire.

Unions have become more interested in education, manpower, and training programs because of the pressure to admit more blacks and other minorities to the skilled trades. Historically, craft unions on the railroads and in the printing and construction trades barred blacks from membership. This practice stemmed in part from racial prejudices and in part from a monopoly instinct that caused local unions to exclude all except certain favored groups from their unions and therefore from union-controlled crafts. But the civil rights movement of the 1950s and 1960s generated considerable pressure on unions to admit minorities to membership. The unions responded by insisting that blacks and other minorities come into the crafts primarily through the apprenticeship system. They realized that not many blacks could get into crafts this way because apprenticeship programs graduate very few workers each year. Their public argument was that blacks who entered unions through apprenticeship would be well trained and therefore the markets would not be flooded with unqualified workers.

A number of unions participate in joint union-management programs for training apprentices and journeymen. Rapid changes in technology and work procedures make journeyman training programs
necessary in some crafts. For example, the International Typographical Union (ITU), which has long had an interest in education, has a training center in Colorado Springs that specializes in short courses to teach journeymen new techniques in the printing and publishing trades. The International Brotherhood of Electrical Workers (IBEW) and the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Trades (UA) also have maintained strong apprenticeship and journeymen-upgrading programs. Over the years, the UA and the National Contractors Association have operated national retraining programs for steamfitters and plumbers. In order to finance these programs, the union and employers established a national committee that assists joint local endeavors and provides equipment and national guidelines for journeymen-upgrading programs. The plumbing industry feels that training is necessary in order to keep journeymen abreast of new materials and methods.

Reactions to the Remedial Programs of the 1970s

It is difficult to generalize about the labor movement's attitude toward the remedial employment and training programs of the 1970s. Reactions varied widely according to a multiplicity of motives and interests within the movement. The federations, which are mainly public-relations and political organizations, view their training activities more favorably than do their local affiliates. Many local craft unions feared that employment and training programs would flood the labor market with partially trained workers who would depress wages and generally undermine union conditions.

Union fears were initially aggravated by those who oversold the employment and training programs as a solution to the social and economic problems of the disadvantaged. It was understandable, for example, that a construction union in a labor market that ordinarily admitted no more than one hundred new craftsmen a year would be alarmed by claims that two or three thousand disadvantaged people should be trained in these crafts. Such fears were intensified by civil rights advocates' attack on the all-white policies of many local unions. These unions, therefore, were persuaded that employment and training programs would be used to channel too many blacks—from the unions' point of view—into union training programs from which they had been excluded.

Labor opposition to the new program was not restricted to the craft unions. Many members of industrial unions feared that the programs would give preferential treatment to the disadvantaged and advance them more speedily than workers already in factory jobs. A frequent complaint of union members was that the disadvantaged
were being given opportunities that older workers had never enjoyed, even though these older workers also had limited qualifications for advancement. In the steel industry, for example—and in many other basic industries—a large number of workers with very limited education were recruited during World War II. (Many workers with very low levels of education had been hired even before that time.)

In response to the problems of old as well as new workers, some unions simply adopted programs that would help all the workers similarly situated and not just the disadvantaged. For example, in 1965 the United Steelworkers and ten major steel companies agreed to establish an education and training program to increase workers' educational levels and make them eligible for promotion.

At the same time, the Department of Labor and the Department of Health, Education, and Welfare (now called the Department of Health and Human Resources) were concerned about the limited education of many American workers and were planning a pilot program for in-plant remedial education. Representatives of the federal government and the steel industry adopted the Cooperative Steel Industry Education Plan. The curriculum included two tiers of instruction: (1) a basic tier for individuals performing below the 4.5 grade level in vocabulary skills and in arithmetic computation, and (2) an advanced tier designed for individuals performing between the 4.5 and 8.0 grade level. Labor-management participation was stressed at every step of the program. Special efforts were made to brief supervisors, workers, and union leaders. The classes were conducted in a very informal manner, and every effort was made to have the students encourage each other. To the maximum extent possible, the program's administrators sought to avoid the schoolroom atmosphere. The steel-industry program was considered a success by unions, employers, and government representatives.

The AFL-CIO and its affiliates have continued to support the employment and training programs and have actively participated in a number of them. Organized labor supports the Job Corps concept of residential training for hard-core disadvantaged youths. The first union to become involved with the Job Corps program was the International Union of Operating Engineers (IUOE), which ran training programs for heavy-equipment maintenance workers at the Jacobs Creek Center in Tennessee. The instructors were journeymen IUOE members; the union agreed to place trainees who completed the training course. Trainees were allowed to enter the IUOE apprenticeship program and ultimately to become regular journeymen. As a result of apprenticeship outreach programs and other programs in which unions participated, it became apparent in the 1970s that joint efforts between the U.S. Department of Labor and the whole labor movement could produce beneficial results for manpower programs.
Labor's attitude toward education may best be summarized by the following quotes. Fifty years ago, a writer noted that "...a large expert interest in education on the part of organized labor is not to be expected" [4, p. 190]. It would seem that organized labor has undergone an important philosophical change since then. For example, in 1970 an article in the official journal of the AFL-CIO [15, pp. 11-12] claimed that:

education as a new fringe benefit in bargaining can have a profound effect not only on the character of organized labor but on the quality and skill of the American work force...[and]...If there is anything more disastrous than having thousands of jobs stand idle for lack of skilled workers, it would be the sight of previously highly-paid workers, now displaced, walking the streets because their special skills have not been reshaped or upgraded to meet the exigencies of changing technology.

One writer [36, p. 49] claims that:

differences in income reflect differences in educational opportunity and attainment within a given age group. Moreover, the protection afforded certain groups in the work force by education and specialized training furnished a foundation on which the edifice of craft unionism could be erected as a further protection. And after the passage of the Wagner Act had dramatically facilitated organization of semiskilled and unskilled workers in the manufacturing sector, unionism emerged more strongly as a counterpoise to the protection and bargaining power conferred upon individuals with higher educational attainment. Trade unionism and collective bargaining can claim a significant share of credit for the relatively high economic position and social standing experienced by an entire generation of semiskilled bluecollar workers in this century.

The interest and future concern of labor with respect to education and training is realistic. To oppose technological change and improvements in workers' skills and educational levels would be self-defeating.

**Support for Social, Health, and Retirement Programs**

Unions have lobbied diligently for social security, health, and retirement programs that will benefit everyone. At biennial conventions the AFL-CIO has officially supported plans that would modify and improve such social programs.

Historically, the older craft unions negotiated certain fringe benefits through the process of collective bargaining. Many craft unions set up their own programs, such as health and retirement funds, with fees paid by members. These early groups were often more
of a benevolent or benefit association making cash payments during
times of hardship than they were craft unions in today's sense.

In addition to basic retirement, medical, and life insurance
programs, many unions today operate or provide such services as
credit unions, legal services, retirement facilities, and consumer
programs. Further [25, p. 347]:

programs of health, hospital and life insurance were established to
protect workers, then, extended to cover their wives and children. Now
they embrace everything from pregnancy to psychiatric care, and the
benefits become more generous with each cycle of collective bargaining.
Industry-financed pension programs encourage early retirement, with
the triple purpose of adding to the dignity of old age, ensuring greater
regularity of employment for the existing work force, and opening up
more work opportunities for youngsters entering the job market.

Retirement programs for some groups of workers are very good.
Examples of some of the better ones may be found at General Motors,
Ford, or Chrysler where a worker often receives [25, p. 347]:

70 percent of his normal wages. All that [is needed] to qualify for
this program is ten years of service. Workers with thirty years on the
payroll will be free to retire as early as fifty-five. When the original
UAW pension contracts were negotiated in 1949, the minimum
retirement age was sixty-five, and the benefit was 100 dollars a month
including federal social security.

Loopholes in the provision of security for American workers still
remain: for example, increasing doctor and hospital bills eat into the
incomes and savings of workers and other consumers. Leaders of
unions support a National Health Security program to remedy this
problem.

Personal hardship has always been a concern of unions. By
working together, through collective bargaining or lobbying, workers
and unions have attempted to ease the lot and increase the security of
workers and their families.

**Attitude toward Welfare and Income Security**

Another type of security closely related to social security, health,
and retirement programs consists of welfare programs. The individ-
uals receiving welfare benefits may not be workers and, if they are,
they may be disadvantaged or have some physical disability. What
does labor do about such groups?
Welfare reform and general income-security programs are not as high as other programs on the list of organized labor's objectives. However, labor has campaigned for improvements in the unemployment insurance program and has also, through collective bargaining, been able to increase the number of supplementary unemployment income programs (SUB), which, when added to regular unemployment insurance payments, enable some unemployed workers to maintain at least 98 percent of their regular incomes. SUB payments are made only for a specific time period and are not designed to cover long-term unemployment of union members. Indeed, many workers exhausted their SUB benefits during the recessions of the mid-1970s and early 1980s.

Like many Americans, unions have a strong belief in the "work ethic" which holds that to work in itself is good—for both union members and others. The official union view with respect to welfare programs, and the Aid for Dependent Children program specifically, is not inhuman: unions are concerned about underprivileged children and their mothers who cannot work.

But, the union attitude toward the work ethic comes full circle back to economic policy. According to one union health and welfare expert [31, p. 18], unions do not think it is appropriate to depend on welfare, even if "reformed," to solve employment problems by providing work or even the incentive to work. Instead, what the nation really needs is an effective full employment policy, including a large-scale public service employment program, to provide suitable jobs at decent wages for everyone, not just welfare recipients. A commitment to this approach would reduce the number of those needing welfare assistance and tend to assure that those receiving welfare are among the least employable. In other words, it would reduce the numbers and enhance the homogeneity of those forced to rely on welfare.

Of course, many union members tend to be very cautious about welfare and other programs to aid the poor because they are working taxpayers who often feel—whether rightly or wrongly—that they are not being treated fairly by governments because higher-income groups and corporations have tax loopholes that reduce their relative tax burdens and the nonworking poor have public-assistance programs.

Other Political Activities

The AFL-CIO and the international labor unions have a wide variety of interests in addition to the problems and legislation discussed above. Unions are concerned about problems of job safety, consumer protection, and mass transit, and also have platforms on energy and foreign policy. Union interest in political activities directly
beneficial to the members and the union is obvious; however, many union political activities show concern for the taxpayer and all American workers. Unions engage in these activities because, obviously, some of these programs can only be achieved through the governmental process. Not only is collective bargaining on a company or industry-wide basis too restrictive to deal with some of the issues involved, but it is in all probability also easier to obtain some desired programs through legislative action than by any other means. Programs of this kind include the minimum wage, national health insurance, safety regulations, and social security.

It should not be assumed, however, that organized labor in the United States has one voice or that it speaks with one voice at all levels of the decision-making process. Unions often differ with each other on many economic, social, and political issues. As a direct result of the expansion of the market for goods and services to a nationwide basis, collective bargaining and other decision-making has become centralized at the national level. Depending on how democratic a particular national union is, decision-making on issues is, therefore, often guided from the national level. AFL-CIO headquarters tends to compromise the different positions of various unions and often takes a bipartisan stance. Despite occasional public differences, the national unions and the AFL-CIO attempt to present a united front on many issues. To do otherwise would be perceived as a weakness of organized labor. From the perspective of outsiders such as management or observers in other countries, the views of various elements of the U.S. labor movement on economic, social, and political issues are more similar than dissimilar.

**Flexibility and Adaptation to Change**

Perhaps the most serious challenge facing the labor movement in the United States in the next decade is answering the charge that it is inflexible. Some critics contend that changes in our economic, social, and political environment are taking place with which unions are unable to cope. These critics suggest that union leadership is old and its goals are not attractive to either the professionals, women, or people in their early thirties or forties—groups in the labor force most likely to grow in the remainder of the 1980s. Another argument is that labor has no central philosophy, that unions in the United States are too pragmatic and lack initiative and creative thinking. A. H. Raskin has said that [25, p. 1]:

American labor is suffering from an advanced case of hardening of arteries. It is standing still in membership and organization vigor at a time when radical changes in technology are revolutionizing industry in
ways that may prove as dramatic as the more publicized developments in space travel and nuclear weapons.

If such contentions are true, the next question concerns how flexible labor has been in a historical context; that is, has labor been able to modify its position in the past to accommodate to a changing political, social, and economic scene? As already noted, labor changed its position quite early when it became involved in politics. In order to grow in the early days it had to lobby for legislation in order to wage effective fights against the use of injunctions, yellow-dog contracts, and other weapons that threatened its survival. In their early years, AFL unions, which were craft unions, did not support unionization of industrial workers. But today industrial workers as well as craft workers are organized and are an important part of the American labor movement. Labor has also reversed its earlier positions on such income-maintenance legislation as minimum wages, unemployment compensation, and workmen's compensation. Although these programs are not full income-maintenance programs, over the years labor has come to support programs such as these that benefit all workers.

Labor's involvement in the political process has arisen from its increased awareness of the social and economic issues of contemporary life. Despite this involvement, some detractors characterize the labor movement as inflexible, referring to, among other issues, its (1) resistance to automation and technological change, (2) inability to devise economic weapons other than the strike, (3) unwillingness to modify the apprenticeship program, (4) failure to grow, and (5) rigidity on economic and social programs.

**Union Attitude toward New Technology**

These critics argue that unions slow the rate of introduction of new technology. If such resistance exists, it results in both inefficiency and a waste of resources, this hindering increases in productivity and the economic growth of the nation. The response to this argument is that change is unsettling to workers; unions and workers are apprehensive about technological unemployment and attempt to regulate change. Therefore unions have at times resisted the introduction of new ideas in the workplace and attempted to gain more influence in respect to management decisions affecting wages, hours, and working conditions. When formalized, this influence takes the form of work rules that at times may be inefficient in a very narrow sense. But, it should be noted that over the long term, such resistance has only been to make certain that the introduction of innovations did not unduly damage the workers' economic position.

Unions today are increasingly aware that resistance to innovation
and change in the factory may have undesirable consequences. A frequent result of resistance is a higher price for the final product than can be justified in the marketplace, which may lead employers to close operations and result in unemployment.

Unions understand the process of technological change better today than they did fifty years ago and now realize that change is inevitable and may be postponed only at a cost that may be even greater to them in the long run. They also know that technological changes generally lead to increased productivity and higher real wages. Because unions have learned that employers are under intensive pressure to cut costs, they have concentrated on means by which to soften the impact of technological change on the worker. Some ingenious plans have been worked out between employers and unions, such as the Kaiser Steel Plan, the Armour Company Project, and the West Coast Longshoremen agreement of the early 1960s.

In the Kaiser Steel Plan "... a long-range plan for equitable sharing between the stockholders, the employees, and the public of the fruits of the Company's progress..." was worked out [11, p. 187]. In essence, the plan provides that no worker will ever be laid off due to technological change and that any savings in the use of labor and material would be shared with employees. The Armour Company project (Armour later became a subsidiary of the Greyhound Corporation) promoted a close partnership with the union and provided advance information on plant closings and on manpower needs of the firm. Laid-off workers are provided assistance in relocating and in finding other jobs. The West Coast Longshoremen agreement provided that certain workers would not be laid off as a result of technological change and included an annual guaranteed wage plus a pension fund for early retirees. All such programs merely soften the impact of technological change on workers.

Most important from the unions' standpoint nowadays is that automation eliminates large numbers of jobs and makes management less vulnerable to strikes [24, p. 4]. Because of this lessened vulnerability to strikes, unions must consider the use of other pressures. Such tactics as appealing to public opinion and sympathy, although not new, have been used effectively by some unions. Of course, campaigns to gain public support must avoid rousing the public's concern that supporting the union will lead to higher prices—or prevent a lowering of prices—for consumers.

**Apprenticeship**

While unions appear to be adapting to changes brought about by the impact of automation, they will resist changes that threaten
fundamental institutions like apprenticeship. From the standpoint of pride, craft workers wish to maintain certain standards, and they take comfort in the knowledge that these same standards are to be passed down through generations. Unions also wish to maintain certain wage levels without risking the possibility that they might be undercut by a cheaper source of labor.

Unions use apprenticeship as a means of job and wage control. By maintaining control of apprenticeship, unions are able to standardize the skill content of their crafts and protect their wage rates. Union craftsmen can maintain their wages only if they have lower unit costs than the alternatives available to an employer. Apprenticeship, by maintaining craft identity, also strengthens the craft union as an institution and makes it possible for the union to supply competent workers to maintain its jurisdiction. If the union acquires many unqualified or incompetent workers, the employer has a strong incentive to mechanize, become nonunion, or look elsewhere for his workers [18, p. 13].

Unions also use apprenticeship programs to prevent excessive use of low-wage apprentices in competition with their journeymen members, to control the supply of labor, and to provide opportunities to friends and relatives. These practices have brought much criticism of unions and the apprenticeship program from civil rights groups, who point out that less than 9 percent of the apprentices in union apprenticeship programs in the late 1970s were black [39]. Similarly, women's groups have complained about even lower proportions of women apprentices.

As a result of these complaints, programs were adopted to increase the number of blacks and women in apprenticeship programs [18], Chap. 13]. Some of these involve employers, government, or unions, and others concern all three. A number of special apprenticeship outreach programs of the AFL-CIO, the federal government, and organizations such as the Urban League have been more successful in increasing the number of minority apprentices so that this is no longer the major problem it was earlier. While women increased their proportions of apprenticeship positions in the last half of the 1970s, they still represented only about 4 percent of registered apprentices in the late 1970s [39].

Despite considerable criticism, the apprenticeship system is not as inflexible as it seems. Many of these programs continue to have the same official descriptions, but have in fact changed considerably. Moreover, detailed studies of apprenticeship in the construction industry have proved beyond much question that journeymen who had served apprenticeships worked more regularly, had higher earnings, learned their trades faster, became supervisors more quickly, and served as foremen and supervisors more often than journeymen who
had not served apprenticeships. The apprentice-trained journeymen were better trained because they had received academic or theoretical as well as practical instruction, and were schooled in all aspects of their crafts and not just one specialized part, as was usual with journeymen who had not served apprenticeships. Although it is clearly the best form of skill training, apprenticeships have included too few workers and many programs are not of top grade [19].

The future of minority and female participation in apprenticeship will depend heavily on economic conditions. It is obvious that if there is to be an increase in the number of blacks and women in apprenticeship programs, there will have to be more apprentice slots. Given the economic conditions in the early 1980s, with much unemployment in some jobs for even trained persons, such a prospect is not apparent in the short run. The attitude of unions is " . . . give us more jobs and more apprenticeship openings will occur."

Not all the problems of apprenticeship programs are traceable to the unions. Employers often will not hire all the apprentices unions would like to see hired. These employers are afraid that the training gained from such programs is easily transferable and that workers trained at their expense will be lost to employers without such programs.

**Position on Incomes Policies**

One matter for future interest is organized labor's position on incomes policies (wage-price controls). Although federal administrations have on the whole not favored wage-price guidelines, they have reluctantly resorted to them as a means of controlling wages and prices. The last occasion was during the administration of President Richard M. Nixon. At that time, the AFL-CIO in general cooperated in the endeavor.

On the whole, however, unions view controls as a limitation on the effectiveness of collective bargaining. And so long as controls are seen as a temporary device for attempting to control inflation, unions will resist them. However, should controls be resorted to again in the future, organized labor undoubtedly will become involved, especially if unions are represented in the formulation and implementation of control policies as part of broader efforts to achieve full employment and economic growth as well as stable prices. The labor movement's other main concern is that any controls program operate fairly in respect to workers. The AFL-CIO was willing to enter into a national accord embodying the foregoing requisites, toward the end of the Carter administration in 1980.

Whether or not organized labor policies are flexible in the future can be assessed by how they deal with such problems as strikes, union
growth, and the possibility of increased government intervention. Many potential strike situations are handled by arbitration; however, the more important impasses over contract agreement are still prone to possible strikes. Since the emergency dispute settlement provisions of the Taft-Hartley Act are too inflexible to solve the strike problem effectively, there probably will be either a modification of the Taft-Hartley machinery to permit greater flexibility, or the President and the secretary of labor could use the considerable powers of their offices to intervene in strikes when it appears to be in the national interest.

Perhaps the most important test of the flexibility of unions will be the unions' ability to grow in a changing world. If unions are to hold their present strength, they must do a better job of organizing white-collar and technical workers than they have in the past. Unions must be able to move into the service sectors of the economy in which employment is growing at a rapid rate. To survive and grow, unions, like other institutions, must be flexible. The late Joseph A. Beirne, president of the Communication Workers of America (CWA) once said:

> If we are to be true to the best interest of our members, we who lead labor unions must be willing to change with the times; just as we insist that corporate executives must "think modern." We have a responsibility to point out the shortcomings of government and industry and ask for a better performance. We have a responsibility to act as gadflies and irritants, if need be, to prevent complacency and stagnation from slowing down our progress toward a better society. But it is equally important that unions and their members and the families of their members drop worn-out slogans and outdated thinking if we are truly to make the most of our opportunities.

**Worker Participation: Participative Management, Quality Circles, and the Quality of Work Life**

A number of new terms or techniques were drawing the attention of employers, employees, and unions alike in the early 1980s. Among the foremost were participative management, quality circles, and quality of work life (QWL), all of which differ from each other. They are being tried in both union and nonunion settings. Participative

---

2. QWL: Quality of Work Life—(which we do not discuss) is a new term which refers to an emphasis on human relations. Quality of work life programs are concerned with providing a working environment that is conducive to job enrichment and development. The end is to satisfy employees, make them productive, and keep them as mentally healthy as possible. Unions tend to view such programs as anti-union.
management implies that there is a sharing of authority between management and workers. Quality circles are concerned with productivity and the quality of the finished product, while QWL implies that the structure of a job will be changed or affected. All three are evidence that employers, employees, and unions have an interest or stake in keeping up with changing technology as well as in reacting to matters dealing with production problems and conditions.

The apparent greater effectiveness of participative management techniques in increasing productivity and worker satisfaction has caused it to threaten the authoritarian management system that has been predominant in America's basic industries. There has also been special and growing interest in the Japanese system of quality control circles as well as in the general methods used by Japanese management and the social, legal, and economic environment in which that management operates.

**Participative Management**

Perhaps the most important or innovative concept in modern management systems is worker participation. It takes a variety of forms. One of the oldest forms of participation in management by employees—found mostly in Europe—is through workers' councils. These are joint councils of management and worker representatives that ordinarily deal with matters not treated through regular collective bargaining machinery—especially social welfare concerns, productivity problems, and adjustment to technological change. Worker participation in management is strongly rooted in both Christian-Democratic and Socialist thought in Europe.

Probably the form of union participation in management most talked about in the United States is codetermination, which exists in Germany and a few other European countries. Although codetermination has roots earlier in this century, it gained most of its strength in Germany as unions helped to rebuild the country after World War II. Many German companies are currently controlled by a shareholders assembly, a supervisory board, and an executive board. Although organized labor has influence and position on the executive board, the supervisory board is where the industrial democracy of participative management basically operates. Half of the supervisory board is elected by workers from union ranks, workers' councils, or by the choice of individuals sympathetic to labor.

There has been very little interest in this form of participation by American union leaders. Most leaders have considered representation on boards of directors as being in conflict with their main responsibility of representing workers. However, some unions—most
notably the auto workers favor union representation on boards of directors on the ground that union leaders should participate in making basic decisions about the firm. Some union leaders have won the right to make presentations to boards of directors. Some unions whose pension or other funds are invested in the stocks of the employer want to use their rights as stockholders to elect directors favorable to union interests. However, in general, unions in the United States are not pressing for legislation requiring worker representation on boards.

Quality Circles

Quality circles may be described as a technique or tool to improve the quality of a firm's products or services. Production of a quality product or service can give a firm a "market edge" over its competition. Quality circles have been used in Japan as an organizational device for a number of decades. They were introduced to the U.S. in the mid- to late-1970s.

A quality circle consists of a small number of people—usually seven to ten—who work together and meet regularly to define, analyze, and solve problems of quality related to their output. Membership is voluntary and meetings are held for one to two hours once a week. Members are briefed or trained in problem-solving techniques [28, p. 43]. There is a discussion leader who strives to lead the group to a consensus on a strategy which will remedy the problem or improve group performance. Groups or participants receive monetary rewards or some other form of recognition.

We do not know how many U.S. companies have experimented with quality circles. Many companies appear to be trying the technique, but their commitment or their success with it is difficult to gauge. Two types of positive results can occur—benefits to individuals and teams: quantifiable savings. This assessment accords with an American Management Associations (AMA) study that claims quality circles have successfully attacked two kinds of problems: those primarily concerned with the personal well-being of the worker and those primarily concerned with the well-being of the company [8, p. 24]. The same AMA study notes that companies experienced in quality circles are primarily in manufacturing, although some exist in service industries. Otherwise, the AMA found that the companies are both large and small, both union and nonunion, and that the companies use both incentive and other methods of remuneration [8, p. 13].

American management displays increasing enthusiasm for quality circles as one way to tap the knowledge and experience of workers and, by so doing, improve worker attitudes. However, most quality control problems are not a function of worker attitudes but are a result of
factors for which management is responsible, such as obsolete equipment, poor raw materials, inadequate instructions and training for workers, and unrealistic performance or product specifications [8, p. 90]. Quality circles do not appear to be a panacea for solving quality control problems or gaining a market edge over competitors. J. M. Juran, who studied the industrial success of Japan, notes that quality circles are only one element in that success. Juran ascribes the Japanese record to the following:

- Massive training programs for workers
- The dedication and leadership of top management
- Policies that emphasize the quality of production
- Conveying information gained by sales and service departments to the factory floor
- Preventing the use of defective components
- Perfection of the manufacturing process
- Adequate testing and monitoring or auditing of programs
- On the spot or field failure analysis as well as a more thorough-going analysis later [8, p. 15].

The philosophy of U.S. unions in respect to all types of sharing of management responsibilities remains cautious. Unions have a willingness to experiment so long as the basic goals of unions to provide improved pay, working conditions, and job security for their members is not impaired. While some unions are trying to help improve the competitiveness of unionized firms in particular and American industry in general, organized labor as a whole is wary about the newer forms of participation. Most unions prefer to participate in management decisions through collective bargaining and through various labor-management cooperation mechanisms established as a supplement to such bargaining. Unions are, in fact, suspicious because most earlier worker participation programs in the United States originated with management as a means of fending off unions, or in order to increase productivity without union involvement or union ability to safeguard workers' interests.

**Discrimination**

One of the more perplexing problems facing unions in the last twenty-five years has been the role or place of blacks in the labor movement. More recently, the role of women in the labor movement has also assumed importance. The forces that have brought demand
for change arose, by and large, outside of the labor movement. Supreme Court rulings respecting education and civil rights, and the passage of civil-rights legislation have made it possible for both blacks and women to bring pressure on established institutions. In addition to legislation, however, the 1960s and 1970s saw the growth or birth of a number of organizations, some quite militant, that were able to voice the complaints and provide the leadership for blacks or women. They included the National Association for the Advancement of Colored People (NAACP), National Urban League, the Southern Christian Leadership Council (SCLC) and the National Organization for Women (NOW). These organizations now work closely with labor unions both nationally and locally.

As noted previously, in its early years the AFL went along with prevailing social and economic attitudes on race relations in the communities where union members worked and lived. This was acceptable practice in the eyes of the law and of most citizens at that time, and the AFL did not resist it—just as the government at all levels showed little or no interest in changing such practices. Consequently, blacks were in general not organized by existing unions or in some places established their own union locals. Some of these locals later became directly affiliated with the AFL or CIO, thus bypassing the national unions. The outstanding exception was the Brotherhood of Sleeping Car Porters, a nationwide black union for workers in an occupation completely staffed by black males.

The place of blacks in the labor movement remained as just described until the 1930s, when the CIO, which was on the rise, for a number of reasons became interested in organizing blacks. While the AFL basically consisted of unions composed of skilled craft workers, the CIO was mainly interested in organizing factory or industrial workers, who were usually unskilled and at best semiskilled. A considerable number of blacks were included in the latter two categories. For example, in 1933 blacks accounted for 8.5 percent of all iron and steel wage earners [5, p. 11]. The CIO also realized that if its member unions were to be strong it would have to unionize as much of the workforce as possible—including blacks and women. The reason was that the more workers or potential workers left unorganized, the easier it would be for employers to hire strikebreakers. The CIO's philosophy and circumstances differed from that of the AFL and its skilled workers, who believed that wages and fringe benefits could be increased by restricting the number of workers in the various crafts.

Ideological factors also played a part in the CIO's racial policies. The CIO generally attracted younger, more idealistic leaders who had a broader social outlook than the AFL's older, more conservative ones. Moreover, many communists were active in CIO unions during the early days. The communists almost always pushed for egalitarian
policies though they, like others, had trouble enforcing such policies at the local-union level.

The CIO was also fifty years younger than the AFL, and younger organizations generally tend to have more egalitarian policies. Finally, the CIO needed the support of blacks for its broader political programs. The CIO sought improved minimum wages, unemployment insurance, and social security legislation, aims that appealed to all low-income groups, including blacks.

In general, blacks have lower earnings than whites and women have lower earnings than men. Both blacks and women have had unequal access to jobs which are associated with sizable outlays for equipment by employers, as well as unequal access to professional and higher managerial posts. Hence, both groups have been discriminated against in respect to hiring and to training.

Concern about the treatment accorded women in the labor market gained strength in the 1970s. The concern resulted from the increasing numbers of women in the labor force as well as from the perceived gains blacks had made as a result of the Civil Rights Act of 1964 and the Equal Pay Act of 1963. It was widely recognized that women as a group were economically (as well as politically) disadvantaged. An increasing number of complaints charging sex discrimination by employers were being filed with the Equal Employment Opportunities Commission (established by the Civil Rights Act of 1964).

Noting that women often earn only about 50 to 72 percent as much as men do, labor economists have asked why, apart from discrimination, this might be so. The consensus is that many women—but not all—have accepted long-standing social norms concerning sex roles. If women believe their major roles in society are as wives and mothers, their attachment to the labor force is weak. If employers have the same beliefs and see the consequent lack of commitment to the labor force, they tend to consider the hiring of women as a risk or poor investment. There is no doubt that the intermittent work patterns of women (whatever the cause) affect occupational choice, training, and the size of the stream of earnings that women receive. Occupationally, women tend to be concentrated in the less skilled occupations such as clerical jobs in lower-paying service industries and jobs.

**Methods of Exclusion**

Historically, blacks have been excluded from unions both formally and informally. Formal exclusion can be achieved by provisions in union constitutions or other explicit means of restricting membership to whites. Informal exclusion takes the form of tacit agreements
among union members and officers that certain persons or groups will not be admitted to the union.

It was estimated that in 1930 there were at least twenty national unions that barred blacks from membership by formal means [9, p. 8]. Women were also affected by constitutional exclusion, barred from apprenticeship programs, relegated to helper or dead-end occupations, and subjected to the high membership fees of craft unions. Legislation passed in the early part of the century in order to protect women usually did not promote equal rights for them since it often was based on the premise that women were the weaker sex.

The exclusion of blacks and women from unions by formal means has given way to more subtle forms of exclusion. The change is due to the expansion of black and female employment in occupations or industries covered by unions, awareness of the increased competition among unions for black votes in representation elections contested by more than one union, and the public criticism of exclusionist union leaders by other union leaders—both black and white. Probably the most important event doing away with any vestiges of formal exclusion, however, was the passage of the Civil Rights Act of 1964.

Informal exclusion has declined markedly since the 1960s, but still exists and may take many guises. Such exclusion has taken the form of informal agreements not to sponsor blacks or women for membership or an “understanding” to vote against such individuals if they are proposed for membership. There has been refusal of journeymen status to blacks by means of examinations which whites were either not required to take or were rigged so that blacks could not pass them. There have been instances of political pressure on governmental licensing agencies to ensure that blacks failed the tests.

Studies made in various states confirmed the virtual absence of blacks and women from many apprenticeship programs until about 1960. In their 1967 book, The Negro and Apprenticeship, Marshall and Briggs wrote [18, p. 54]:

"While there have been some significant changes in recent years, there can be little question that racial prejudices and discrimination by unions and management (reflecting prevailing social attitudes) have been major reasons for the absence of Negroes from apprenticeship programs."

These writers also note that civil rights groups emphasized discrimination as a causal factor while unions stress the lack of qualified workers as the reason for a lack of blacks on their membership rolls. The authors made these observations on conditions in the mid-1960s [18, pp. 34–36]:

1. Attitudes towards blacks vary at various levels of an enterprise. Although top management may support the hiring of blacks, much opposition comes from foremen and workers.
2. Although racial discrimination continues to be a problem in apprenticeship programs, surprisingly little overt racial hostility is felt by blacks once admitted to a program.

3. Union motivation to exclude minorities is based on nonracial as well as racial factors. Unions also exclude in order to control the supply of labor and maintain wage rates.

4. Local union leaders had political reasons for controlling apprenticeship training and resisting the entry of blacks. For one thing, they feared they might be voted out of office if they supported blacks.

5. Many blacks were found to experience difficulties in passing entrance written and oral exams for apprenticeship programs. Heavy reliance for admission was placed on the oral part of the entrance exam.

6. Nepotism—particularly in respect to father-son relationships—although diminishing, is still relatively important in the admission policies of some unions.

7. Many blacks had a low degree of aspiration with respect to wanting admittance in apprenticeship programs.

There are other reasons why blacks are not found in apprenticeship programs or unions in addition to those listed above; most of these others originate outside of the labor movement. Many reasons seemingly support the position that the absence of blacks is due to a lack of qualifications. These reasons are summarized below:

1. The employment patterns of blacks traditionally show them in low-skilled menial occupations that requiring brawn and strength rather than brains and skill. Certain inferior jobs have always gone to blacks while the racial prejudices of the community have kept them out of "status" jobs.

2. Historical and cultural forces, such as segregated neighborhoods and schools, have made it difficult for blacks to learn of good job opportunities.

3. Blacks have historically lacked the political and economic power to force whites to allow access to better jobs.

4. Blacks have had inadequate education and training to compete on an equal basis with whites. Blacks have been at a disadvantage in vocational training programs because they have relatively less formal education than whites. Many blacks as well as some whites—particularly those of the older generation—are barred
from apprenticeship programs because they lack a high-school education.

5. Blacks have not had opportunities to upgrade themselves because basic experience and in-plant training are required for such upgrading.

**Current Relationships**

The enactment of civil-rights legislation in the 1960s signalled change from outside of the labor movement while the merger of the AFL and CIO signalled change from within. The merger of the AFL-CIO in 1955 greatly reduced union rivalry and made it less "necessary" for some unions to use racial discrimination as a means of attracting whites. Indeed, the basic nature of the "race problem" changed. The question of whether or not to organize blacks, although still a problem in a few unions, largely disappeared, and union hostility to the use of blacks as strikebreakers became largely moot. Remaining opposition to blacks was in conflict with the egalitarian racial policies of the entire labor movement and with the equal treatment blacks already enjoyed in some unions.

Although more improvement is needed, blacks have made visible progress in the labor movement. Whereas in 1955 blacks accounted for less than 9 percent of all organized workers, the figure had risen to 15 percent by the early 1980s. The increasingly important role of trade unionism among blacks had been highlighted in articles published in the AFL-CIO American Federationist. For example, by 1970 a black union leader could point out that [23, p. 10]:

> today there are over 3 million black trade unionists and this number is increasing daily. More Negroes are also moving up through the ranks of their local unions to positions of power and influence. This latter development is particularly essential if there are to be more voices in the trade union movement speaking for the black worker and if the trade union movement itself is to be more effective in its efforts to solve our country's social and racial problems.

A 1971 article in the same publication stated [p.20]:

> The organization of low-income black workers into trade unions is proceeding at an accelerating pace. This is true of hospital workers, sanitation workers and paraprofessionals who serve as school aides. This latter group is especially important since it represents an area in which tens of thousands of new jobs can be created for poor people. Black membership is also rapidly increasing in many industrial unions, and the Outreach programs of the AFL-CIO, the Urban League and the Joint Apprenticeship Program of the A. Phillip Randolph Educational Fund
and the Workers Defense League are responsible for a significant expansion of job opportunities for minority youths in the building trades.

Turning now to the status of women in unions, we find that not only has the number of women in labor organizations more than doubled since 1954, but the proportion of union membership that is female has increased from 16.6 percent in 1954 to 30 percent in 1980 [40, 41]. Membership of women in particular unions reflects the industrial and occupational distribution of employment. Hence one finds some unions with women members and others with none. A "Coalition of Labor Union Women" exists within the AFL-CIO and Joyce Miller, vice-president of the Amalgamated Clothing Workers of America, was appointed to the AFL-CIO Executive Council by Lane Kirkland (president of the AFL-CIO) in 1979—the first woman ever to receive so high a post.

Despite improvement in the status and number of blacks and women in unions and union programs, unions continue to be charged with discriminatory practices. Discrimination in employment and in unions is economically and morally reprehensible: economically because it prevents the most efficient use of human resources; morally because it deprives blacks and women of their rights. Thus, discrimination harms both the nation and individuals.

**Discrimination: What Can Be Done?**

What can be done to eliminate discrimination in employment and in union-related activities? Legislation has eliminated formal discrimination. Much of the informal discrimination that remains to be eliminated is in the realm of attitudes and social factors: such change or acceptance of blacks and women by unions appears to come only slowly. However, a number of policies and activities could be used to step up the process of assimilation.

Programs to increase or improve the education and training of the groups that suffer discrimination can only be beneficial. Such activities would be helpful to all, regardless of race and sex. In fact, general improvement in the educational level of disadvantaged workers would probably be the most effective type of program for them. Unfortunately, programs such as those just mentioned were practically nonexistent in the early 1980s.

Increased or stronger measures to combat unemployment would provide more jobs and perhaps even create a shortage of workers. Tight labor markets usually provide blacks with the most and the best job opportunities.

The most controversial antidiscrimination programs have been policies or proposed policies of preferential treatment for blacks and
women. Whites have been especially afraid of preferential treatment for blacks. They fear such treatment would deprive whites of their rights and would therefore constitute discrimination in reverse. Union leaders fear that any kind of preferential hiring or quotas will impair or destroy seniority rights. Although employers, unions, and the government all usually oppose quotas, the preferential treatment involved if unions and employers make special efforts to recruit qualified persons or to help them to acquire training is not discriminatory; it merely extends to blacks and women benefits that white males already enjoy.

There is little doubt that laws have reduced flagrant cases of racial discrimination. This has often occurred on a case by case basis, which is both slow and costly. In the late 1970s, the Office of Federal Contract Compliance began requiring employers to take "affirmative action" by establishing racial goals and quotas by craft and occupation in order for employers to be eligible for government contracts. The results of this program have been mixed, since it assumes "good faith" on the part of employers, which is hard to prove or disprove. Outreach and training programs might be more successful since they provide employers with the opportunity to back up "good faith" with results.

If blacks are to make further gains, a great deal depends on the amount of progress they make in and through the labor movement. Progress in the breaking down of political, economic, and social barriers in nonunion jobs and in society at large will no doubt help to break down barriers in unions. Improvements in the economic status of blacks through education, training, and other manpower programs will certainly be beneficial. As already indicated, efforts to eliminate employment barriers based on race and sex will be more effective if unemployment is low and the economy is prospering. The same is true concerning barriers to membership in unions.

**Unions and Monopoly Influence**

Since World War II, there have been persistent demands from business groups and some economists that unions be subjected to the antitrust laws. The pendulum of public sympathy, which swung toward labor in the decade of the 1930s (as evidenced in the Norris-LaGuardia Act of 1932, the National Industrial Recovery Act of 1933, and the Wagner Act of 1935) moved back in the other direction in the postwar period. In most of the major industries, unions were no longer the underdogs, and in many instances there were union abuses of power. Wartime strikes in the coal industry and immediate postwar strikes in coal, railroads, and manufacturing cooled public sympathy for trade unions. This was reflected in the 1946 congressional elections as well as in 1947 when Congress enacted the Taft-Hartley Act over a presidential veto.
Much of the debate over union power in recent years has been cast in terms of the trade union as a labor monopoly. Monopoly, like the term "trust" in the days of Teddy Roosevelt, conjures up a picture of power and greed in the public mind, and the arguments over whether or not trade unions really were monopolies—and presumably, therefore, logical subjects of existing antitrust legislation—have often been expressed more in terms of emotion than reason.

In the language of the economist, "monopoly" is a technical term without emotional overtones. A single company that is the only seller of a product, by virtue of its awareness of the total demand for that product, will naturally act differently from a seller under competitive conditions who sees only a portion of the total demand. Both the competitive and monopolist seller pursue the same objectives in terms of maximizing net returns: consequently a baser motive cannot be attributed to the monopolist than to the competitor. The primary difference is that the competitive seller is subject to the constraint of other sellers opportunistically seeking to expand their share of the market. The monopolist has means of keeping competition out—sometimes with legal sanction (e.g., patents and contracts), sometimes because of the nature of the product or service, and occasionally through the use of dubious tactics.

There are few cases of pure monopoly in the American economy, and even rarer are cases in which there is not some substitute for the product of a company that is technically a monopolist. Prior to World War II, only the Aluminum Company of America produced aluminum in this country, but other metals provided at least partial or, in some cases, full substitutes. Similarly, in the labor market, no single union controls all of the lathe operators, or all of the truck drivers, or all of the present and potential workers in any occupation or industry.

Yet, at the moment of contract bargaining, the trade union that has won bargaining rights does have a degree of monopoly power. The union, once certified by the NLRB, is the sole representative of a specific group of workers. No other union can compete for the workers' representation or represent them to management without ousting the certified union. And those unions operating with a closed-shop contract may have some monopoly over job opportunities with a particular employer.

Other arguments against unions as monopolies may be summarized as follows:

1. Unions control the supply of labor: therefore, they have the ability to raise wages.

2. Unions have the economic power to restrain commerce through the use of the strike weapon: therefore, they have the power to shut off supplies and raise prices.
3. Unions have the power to raise or fix prices—like other monopo-
lies—only unions fix the prices of various kinds of labor instead of
goods and services.

4. In some instances, unions may force businesses to close down.

5. Unions have access to large amounts of financial resources that
can be used for political as well as economic objectives.

Even if we grant that unions have some degree of what economists
call monopoly power, there are noticeable differences between trade
unions and business enterprises. Too much or too little can be made of
the differences, but at least they should be recognized. For one thing,
the union is not perfectly analogous to a business firm in its objectives.
The union has no "costs" associated with "selling" labor, and
therefore does not necessarily attempt to maximize net return over
cost, as a business firm does. In fact, it does not really "sell" anything,
but merely acts as a "renting agent," helping to fix the terms under
which certain labor services will be provided for a limited contract
period. In fixing the terms, it does not guarantee to provide any fixed
quantity of labor, for it does not have labor of its own to supply.
Internally, the union is as much a political animal as it is an economic
one: thus, it does not always follow what would appear to be a rational
path in purely economic terms. And, finally, even when the union
officials seek to feather the union's own nest through bargaining
powers, most benefits still go primarily to the membership. These
points merely emphasize that the analogy between business
monopolies and unions as monopolies is not a perfect one, and that
unions are more frequently opposed by a countervailing power—the
employer—than are businesses.

To argue that unions are not analogous to business monopolies is
not to argue that unions do not affect competition in labor markets.
Indeed, the main reason for the existence of unions is to prevent
stronger employers from competitively depressing the wages of
workers below what early union leaders called a "living wage." Unions
argue that setting a collectively bargained floor under wages
concentrates competitive effort on product quality and management
skill, not on depressing wages and working conditions. Moreover, the
establishment of legal minimum wages, the passage of legislation to
protect women and children, as well as occupational safety and health
legislation are all based on the assumption that these matters should
not be left to impersonal competitive market forces. Such forces care
little about protecting the ability of people to maintain and reproduce
themselves except by diminishing their numbers through lower birth
rates and increased mortality. In short, the labor movement, while not
creating monopoly in the business sense, nevertheless seeks to remove
labor from competition and, thereby, to have some monopoly power.
Assessing Union Power

Granted that unions have a degree of monopoly power insofar as they act as economic agents, it is difficult to assess whether they have “too much” power. Any power may seem too much in the hands of one’s opponent, but, as a matter of public policy, this question should be answered in terms of society’s broad interests, and not in terms of the functional or occupational interests of workers or managers. The Taft-Hartley Act was passed on the assumption that unions had become too powerful, an assumption based primarily on the actions of a few unions in a period of war and postwar inflationary pressures.

In performing their labor market function, unions are not legal monopolies. The Clayton Act, the Norris-LaGuardia Act, and court decisions have made it quite clear that unions and employers are not to be considered as monopolies under the Sherman Anti-Trust Act in their labor market activities. The Supreme Court has ruled that unions or management associations are subject to antitrust laws only if they attempt to set product prices or enter into collusive agreements intended to reduce product market competition. Thus, both unions and employers are exempt from antitrust laws in the labor market.

Most of the arguments over whether or not unions are monopolies have generated more heat than light. As noted, unions do have some monopoly power but the issues are complex and the perfect way of analyzing the situation has yet to be found.

It is also no doubt true that those who argue that unions are monopolies and should be subject to antitrust laws seek to reduce the power of unions. Motivations for such reasoning range from a simple desire to destroy unions to a desire to produce a competitive and much simpler economy. Unfortunately, as was pointed out in earlier chapters, although market forces play an important role in determining the general levels of wages and employment, many of the basic terms of employment—such as seniority, rate changes for wages, work schedules, hours, pension rights, and vacations—cannot always be effectively regulated by the market. One writer maintains that [20, p. 360]:

in order to protect the worker, as a producer in a labor market containing varying degrees of monopsony power, labor organizations of necessity must marshall a degree of monopoly power. Once this has been accomplished, there is the danger that it will become excessive in so far as the interests of the economy in general are concerned. To strip from labor organization all of its economic power would reduce labor to the status which it once occupied. To reduce the monopoly power of labor

---

1 A monopsony exists when there is only one buyer, as opposed to monopoly, which means there is only one seller. The point here is that workers are at a disadvantage if there is only one employer interested in hiring them: the monopsony.
organizations just enough to produce the most desirable balance within the labor market from the standpoint of the economy as a whole is indeed a challenging and formidable task. For this task, there does not as yet appear to be an immediate and wholly satisfactory medium in the industrial world.

International Interdependence

The growing and complex involvement of the United States in the world-wide economy since World War II has important implications for unions and collective bargaining [16]. Indeed, the internationalization of the American economy has profound implication for all groups. The extent of this international involvement is seen from the fact that imports plus exports equalled only 9 percent of U.S. GNP in 1950 but some 20 percent or more in the early 1980s: in other countries international trade is even more important. Some implications of this increasing interdependence are discussed in what follows.

1. Jobs in each country depend on developments in the world economy, developments over which leaders of individual nations have limited control. However, to improve both the quality and number of jobs within countries will require greater attention to such matters as the conditions of international trade, of the international monetary system, and cooperation in solving other matters of international concern. A major worry is that international problems have become more severe while policy instruments to deal with them are still mainly national. So far as U.S. trade unions are concerned, there is a serious issue emerging about the extent to which U.S. jobs appear to be exported overseas.

2. Multinational corporations are generating competition and jobs and are setting labor standards and work practices throughout the world. The multinationals have been much more effective than unions and other organizations in integrating international activities. The mobility of capital strengthens the multinationals’ bargaining power in many respects. Without greater countervailing forces, the multinationals will continue to gain economic power relative to unions and governments.

3. The international migration of workers—especially from the Third World, where 600-700 million jobs must be created by the end of the century just to keep unemployment and underemployment from rising above the present 40-50 percent level—is growing in importance. This development is especially important to the United States, where illegal immigration contributes to poor working conditions and limits the job options of low-wage workers. Worldwide unemployment, especially in low-wage and basic manufacturing industries, will be a serious problem for the rest of the century. Industrial market economy
IMEC) and Third World leaders therefore have strong mutual interests in the development of more jobs by their domestically based employers.

The reasons why collective bargaining on a multinational scale has not yet emerged are quite clear once the institutional setting and the basic needs of labor and management are examined. These reasons can be quickly summed up under four headings: varying national conditions and practices in labor relations, national differences in the operations of management, lack of employee interest, and union reluctance [27, p. 534]. (The reasons for union reluctance are many, but not the least important is the question of who will represent and coordinate the activities of a worldwide group of unions.)

During the period immediately after World War II, the international migration of workers (the so-called guest workers) to Europe made more labor available there without increasing wage costs, thus helping provide for non-inflationary economic growth. While this migration left a residue of social and political problems, European guest worker programs made it possible for some countries, notably Germany, to limit rising unemployment in the 1970s by sending foreign workers home. However, the European—and American—experience also made it clear that in periods of high unemployment, immigration creates competition between domestic and foreign workers. In the United States, where there is a large “secondary” labor market comprised of minorities, women, older workers, and young people who are unable to penetrate the primary labor market where the good jobs are, there is competition between immigrants and domestic workers in the secondary market even when average unemployment levels are low. The consequence of immigration in the American context—a good deal of it illegal—is to depress wages and working conditions in the secondary labor market and to diminish the productivity growth of the entire economy by perpetuating marginal, low-wage jobs. The Japanese, by contrast, stress greater demographic homogeneity and productivity in order to enhance international competitiveness. Japan has restricted immigration in favor of improving production standards, enhancing its technology, and encouraging its marginal, low-wage work to be performed in Third World countries.

Internationalization limits the effectiveness of traditional national monetary and fiscal policies and requires international action or coordination of domestic actions. For example, attempts to control inflation in one country by restricting the growth of its money supply are limited by the ramifications of the international money market in an age of instantaneous electronic communication. Further, attempts to reduce domestic unemployment tend to bring inflation and low interest rates, which causes capital to flow abroad and exchange rates
to fall. The latter consequences generally are halted by raising domestic interest rates, which limits the reduction in employment sought. When a domestic economy expands in a relatively free international trading system, the process attracts imports and makes domestic expansion more difficult to achieve. A relatively open immigration system like that of the U.S. attracts immigrants as well as imports when its economy grows robustly. There is a natural tendency in all the above circumstances to protect the domestic economy (and to restrict immigration), but the United States, in particular, is so important and has become so heavily involved in the world economy that such types of disengagement would be very harmful internationally.

5. Above all, jobs have been subjected to standards of efficiency set by intensified international competition. In order to protect job opportunities, the IMEC's must give careful attention to the rules within which international trade takes place. This will require observance of minimum international labor standards in some countries in order to prevent international competition from eroding labor standards in the IMEC and Third World countries. In the United States, international competition has made it more difficult to maintain prices set by oligopolies and has impaired pattern bargaining by unions, i.e., bargaining resulting in an agreement that sets a standard for other agreements. Furthermore, growing international competition is adversely affecting the power relationships of domestic unions versus managements. International competition also has called into question the efficiency of the prevailing U.S. authoritarian management system and the almost exclusive reliance of U.S. companies on short-run profit maximizing, which has led to the neglect of long-run technological development in some basic U.S. industries.

Conclusions

The problems facing organized labor in America today range from the simple to the complex. How labor goes about solving these problems will be closely watched by management, government, and the public. The growth and continued vitality of the labor movement in America is at stake in some instances. Continued encroachment of government on the institution of collective bargaining will undoubtedly change the attitudes of labor towards its own role in the political process. The pragmatic unionism that exists in the United States today will be pressured to change: it will need flexibility to adjust to a changing environment which is subject to world-wide influences. Fresh ideas and new leadership, as well as ideas or causes around which workers could rally, would provide a much-needed stimulus for
the labor movement. Labor must evaluate its role and ask itself what it can offer to a new generation—one that seems to believe it is more independent and has more to offer to the world than its predecessors. In addition, the labor movement must find ways to deal with international market forces that threaten its ability to maintain traditional U.S. wage and working conditions. This will not be easy in a world where the great mobility of capital and a seeming scarcity of jobs give employers a tremendous bargaining advantage. The labor movement also must intensify its concern for the disadvantaged, whose numbers are certain, in the judgment of the authors of this book, to increase during the 1980s.

REFERENCES FOR CHAPTER 7


The Role of Unions in the 1980s

Labor movements in all countries have characteristics in common, yet each reflects unique environmental conditions. Modern labor movements have helped workers cope with the problems created by industrialization. Although modern labor movements originated with industrialization, there were isolated local labor organizations in preindustrial times.

Most of today's labor movements have political and economic aspects. In countries other than the United States, labor movements are usually associated with labor parties, but better economic and political opportunities in the United States caused the American labor movement to stress collective bargaining and to avoid permanent political commitments. Most American unions have been content to work within the framework of existing political and economic institutions, while labor movements elsewhere have been more inclined to change those institutions and to put more emphasis on economic planning and workers' participation in the internal decision-making of business enterprises. In most European countries, for example, unions have adopted the ideologies of social democratic parties, and workers' councils (usually required by law) participate in some internal management decisions. In Germany, as we have seen, employee representatives may sit on the boards of directors of business enterprises. However, despite initial differences, the labor movements of the United States and those in Western Europe have tended to converge since World War II. American unions are becoming more politically active and the European unions have deemphasized socialism—partly as a result of joint efforts by American and noncommunist European labor movements to keep communists from gaining control of world labor organizations, and partly because the coming to power of social democratic or socialist parties in Europe did not result in solving enough of the fundamental problems workers face.

Will the American labor movement continue to converge toward the European models? Predictions about the future of American unions are hazardous because undoubtedly the future will depend heavily on unforeseen developments beyond the control of unions.
Some issues of the past are not likely to recur in the future. Examples of these include the ideological conflict between communists and anti-communists, which was very important in the 1940s and 1950s, but which has lost most of its force with the diminishing influence of the U.S. Communist party. Similarly, the corruption and internal union democracy issues of the 1950s and 1960s are not likely to be as important in the future, mainly because experience in enforcing the Landrum-Griffin Act shows the extent of corruption in unions to have been exaggerated and also because that law, together with the Employee Retirement Income Security Act (ERISA), have provided the government with important means to combat corruption in unions and to protect the interests of union members.

**Union Discrimination**

A major issue of the 1960s and early 1970s was racial discrimination by unions. This issue will continue to be important in the future, but overcoming racial discrimination will be less important than working out the procedures for desegregating jobs. Although at one time some unions resisted the desegregation of jobs and admission of blacks on equal terms, by the mid-1970s most union leaders had accepted the principle of equal opportunities for blacks and other minorities. The discrimination questions of the future are likely to concern the problems of women and the use of goals, quotas, and preferential treatment as means of improving female and minority employment patterns.

Unions are likely to resist quotas and preferential treatment, giving rise to tensions between organized labor and some women and minority leaders who insist on goals and timetables that imply preferential treatment and quotas. These conflicts will probably be intensified if the relatively high levels of unemployment of the early 1980s should persist. Blacks and other minorities are likely to insist on measures to help them to retain the gains they made during the late 1960s and early 1970s, while whites are likely to insist on the strict application of seniority procedures. Unions will probably join employers in resisting demands of civil rights agencies which they consider unfair to their members. The prerogative of unions to give priority to their members (whatever their race, sex, or national creed) was supported in part by a 1984 Supreme Court decision. In the case of layoffs, the court ruled that seniority will usually have priority over race and sex with regard to retaining workers.

Conflicts over discrimination against women are, nevertheless, likely to be more important as the 1980s progress than they have been in the past. Such conflicts will not only pit women against unions, but also the women's cause may be promoted by unions wishing to foster
equal treatment for females. Women also will probably push for greater representation in official union leadership.

Economic Problems

The American economy will face some serious economic problems, the solutions for which will have a profound impact on unions and their leaders. Unemployment, inflation, and incomes (wage and price) policies are likely to continue to be important issues affecting the interaction of unions, management, and the government in the next decade. There is a widespread belief in all parts of the political spectrum that there must be cooperation between labor and management and between the public and private sectors in order to maintain or regain America's competitive position in the world and to make fuller and more efficient use of our resources. A major obstacle to this cooperation, however, is the belief of union leaders that many business leaders have joined forces with political and economic interests determined to destroy the labor movement and create a "union free environment," despite the equally widespread belief that we cannot have a free and democratic society without a free and democratic labor movement. Enlightened employers realize that the country's choice is not whether to have a labor movement but what kind. History suggests that when workers have serious problems that cannot be solved through moderate means, moderate leaders tend to be replaced by radical ones.

Political leaders in the future are likely to be more tempted to adopt direct controls in order to contain inflation. These controls may well face resistance by unions unless the unions are involved in the development of economic policies which they consider as fair to workers and which seek to achieve full employment and growth as well as economic stability. The national and economic problems that the 1980s and beyond may well present make it almost certain that American unions will intensify their political activities.

Although their existence has been sparse in the early 1980s, employment and training programs seem bound to become more important as the 1980s advance. Such programs may make it possible for labor markets to operate more effectively than they have in the past, and consequently allow unemployment to be reduced with less attendant inflation. Unions will resist public programs that compete with apprenticeship programs and other institutions covered in collective bargaining, but are likely to increase their support and participation in other job creation and training efforts that are commensurate with union interests and goals.
The Economic Environment

Unions, like other institutions, will probably be forced to adapt to an economic environment in the years ahead that differs significantly from that of the past. The prevailing economic philosophy that guided the policies of the industrialized countries of Western Europe and the United States from the 1930s has been based on what might be called a "surplus mentality." Such a mentality assumes that the main economic problem of industrialized countries is how to sell or distribute all the goods those systems can produce. Consequently, major economic policies were designed to increase aggregate demand for goods and services in order to maintain relatively full employment (demand management). This economic philosophy gave heavy weight to aggregate (macroeconomic) economic policies, and paid less attention to policies affecting firms and industries (microeconomics).

Moreover, productivity and efficiency were not very important considerations in a society where effective demand (wants plus the ability and willingness to buy) was considered to be inadequate and the primary economic problem.

To some extent, public support for unions during the 1930s was justified on the basis of helping to generate aggregate demand to make it possible to sustain purchasing power in order to prevent unemployment and recessions. Indeed, this was a specific objective stated in the National Labor Relations Act to justify the official policy of the United States concerning collective bargaining, which is to give workers the right to decide whether or not they want to be represented by unions in bargaining with employers. According to the framers of the NLRA, collective bargaining would help to prevent recessions by sustaining purchasing power. And, while collective bargaining also is defended as compatible with good rule-making and equity, the promotion of collective bargaining on the basis of this "high wage-purchasing-power doctrine was always important.

While demand management provided the theoretical underpinning for economic policy during the 1930s and into the 1960s, it has clearly been inadequate for complex modern economies based on a mixture of free market and government decision-making. A major defect of the earlier policies that emphasized the use of aggregate economic measures to stimulate demand was the failure to give adequate attention to resources, technology, efficiency, and the possibility of inflation. In the 1970s it became very clear that scarcity, as before, remained the world's central economic problem. Moreover, considerable diversity in product and labor market conditions exists: some markets are characterized by product or labor shortages while...
others have product or labor surpluses. To some extent, these conditions are always with us and many surpluses are more apparent than real.

Moreover, some serious problems external to enterprises were ignored prior to the 1970s and are still partially ignored. At some point, the economy will have to bear the added burden of using current resources to correct past mistakes. In the early 1970s, for example, the United States was spending about $5 billion on water and air pollution controls; by 1990 it will have to spend approximately $100 billion just to keep pollution from getting worse.

**Worldwide Demands and Problems**

Similarly, improved communications and the spread of egalitarian ideas has caused workers and low-income people throughout the world to be less willing to bear unemployment and many of other costs of the economic system, and to demand more of the obvious benefits of those systems. These demands are worldwide and will put great stress on the world’s resources, especially as population continues to grow rapidly in many less-developed countries. It was estimated in 1975, for example, that it would be necessary to double the world’s food output in the next generation just to maintain present nutrition levels. It is clearly difficult to accomplish this objective by using the energy- and capital-intensive agricultural techniques employed in the United States. There may be no physical reason why these techniques could not produce sufficient food supplies, but many poor people throughout the world would not be able to pay the higher prices that would result from the higher costs of using more expensive methods.

It is also becoming increasingly clear that the world must develop mechanisms to facilitate international cooperation on industrial relations and economic policy, since many problems are international while policy instruments are still national. Unfortunately, nationalism has prevented effective international cooperation on many problems; cooperation would be useful on such issues as immigration policies, job creation and unemployment in the Third World, setting ground rules for multinational corporations, setting minimum international labor standards, and in respect to international trade policies. In fact international trade policies may well become a foremost concern of unions, businesses, and the nation as a whole in the years ahead. Questions about what constitutes “fair” international competition, which domestic industries are vital to preserve, the number of jobs lost to imports compared to the number created by exports, are the sorts of questions likely to become increasingly important in a global economy.

A broader view of national self-interest would include cooperation on the foregoing and other matters, all of which affect labor and eco-
nomic conditions in developed as well as developing countries. President Franklin D. Roosevelt argued in the 1930s that the United States could not have enduring prosperity in the interdependent American domestic economy unless all major groups shared in that prosperity. This now applies worldwide as well as within the United States.

What does all of this have to do with U.S. unions? Since the growth of movements or organizations depends heavily on their compatibility with the environment within which they operate, union policies will have to face up to the matters and problems discussed above if unions are to grow and become or remain integral parts of the system. More particularly, in a society conscious of scarcity, unions will need to be much more concerned with productivity and efficiency than when inadequate demand (or surplus) was considered to be the main problem.

**Education, Equity, Frustration**

Unions must now be concerned with seeking adequate education and training for their memberships so that workers are able to adapt to changing circumstances and technology. Unions must also allow policies that relate to wage payments and work procedures to be structured so as to encourage productivity. Unions can also help force managers to be efficient. Management incentives to be efficient are not always guaranteed by market forces. The lack occurs especially when the conditions of competition are weak, and when employers can shift the costs of uncertainty and poor management to workers in the form of greater unemployment or lower wages that might otherwise prevail.

A major objective of unions has been and must continue to be to insist upon equity in the benefits distributed by government and in the discharge of government responsibilities. During the 1960s, the American labor movement was a basic force behind legislation and other measures to eliminate racial discrimination and poverty in the United States. In so doing, however, it alienated many of its own members who were above the poverty level, but hardly affluent. These lower- and middle-income workers resented what they considered to be special measures to help minorities and the poor because they saw higher-income groups as prospering and with tax advantages that left middle- and lower-income workers to bear most of the burden of the taxation that was used to help those in poverty. Employed whites also felt particularly threatened by demands that blacks and other minorities be given preferential access to jobs during periods of rising unemployment. In addition, union members were deeply incensed at what is clearly an anti-union bias in communications media, educational institutions, and other major institutions.

Much worker frustration will remain and be intensified. It will be
more difficult to respond to the demands of women and minorities in a no-growth or slow-growth economy than it was in a growing economy. Unions probably will accede to pressures from the great majority of their members for less emphasis on poverty, welfare, and minority problems and for more emphasis on tax changes that would shift more of the tax burden to higher-income groups. The labor movement also will give greater weight to health, housing, educational reform, and other measures benefiting middle-income groups.

**No Radical Shifts**

Everything considered, no radical shifts in the basic philosophy or procedures of American unions can be expected in the decade ahead. They will continue to support the broad interests of all workers and low-income groups, but will give primary emphasis to the economic interests of their own members. American unions will, moreover, continue to emphasize a pragmatic approach to political and economic issues. Although unions are likely to strengthen their involvement in the political process, because the nature of American political and economic institutions remains basically unchanged, it is unlikely that most unions will support a separate labor political party.

The pragmatism of unions has often meant that they are concerned with today and perhaps tomorrow, but not much further into the future. Hence, unions have tended to ignore the long-term impact of automation and resulting obsolescence of worker skills and certain industries. The extent to which a changing domestic and worldwide economy may change union emphasis on pragmatism and the short term will be something to watch.

The state of union organizational structures and of power relationships prevailing in the early 1980s probably also will continue in the decade ahead. Union dominance undoubtedly will continue to rest in the international unions, although other employee associations will be strengthened should the federal government move toward more economic planning and as political issues become more important. Unions of public employees will grow in importance as governments face financial difficulties in a slow-growth economy. Greater organization among workers that are currently unorganized, such as agricultural workers, might occur slowly, particularly if organizational rivalry, like that between the Teamsters and the United Farm Workers, persists. Rivalry was an important catalyst in union growth during the 1930s. During the 1950s and 1960s, however, many of the stronger unions demonstrated very little interest in organizing while the weaker unions lacked the financial resources required to undertake organizing campaigns—campaigns which are now much more expensive than they were during the 1930s. Yet in the 1970s and early
1980s, a new type of union—called a general union as opposed to a craft or industrial one—grew and flourished. Most of these unions stand outside of the AFL-CIO; the Teamsters are a prominent example. General unions represent workers in a wide variety of industries and occupations.

There is little doubt that international competition and some of the other trends discussed earlier have had a negative effect on the strength of unions in the United States. Moreover, the declining economic power of unions has encouraged anti-union forces even in such traditional union strongholds as coal mining and construction. Anti-union sentiment was extremely high in the early 1980s as this was being written. And new court rulings on bankruptcy matters may encourage companies to file for bankruptcy to shed labor contracts.

**Summary**

Nevertheless, unions will remain very influential in the American economy and, unlike some observers, we do not expect either their political or economic influence to decline significantly in the years ahead. Indeed, we expect the political influence of unions to increase as the nation's economic problems intensify and workers see the need to ensure that their interests are represented in national policymaking. Such developments will reaffirm the principle that labor movements are essential elements in democratic societies and that workers' interests must be attended to in the work place and in governmental affairs. A democratic society will continue to strengthen the workers' right to choose whether or not to bargain collectively. Collective bargaining procedures and outcomes will alter to reflect changing technology and international economic realities, but the basic structure of the American industrial relations system is likely to remain the same.

White-collar unions probably will grow steadily, and perhaps even faster than in the 1970s and early 1980s. This is particularly likely to be true of professional and technical workers and of white-collar employees in government and large private enterprises. Because of the expected financial problems and characteristics of slow-growth economies, white-collar workers will be forced to organize to protect their interests. The labor organizations involved will not necessarily be affiliated with traditional unions made up mainly of manual workers.

Professional and employee associations are likely to become more like unions as their members encounter increasing financial pressures and demands for reforms of professional practice; this is especially probable in the health field, as exemplified by a number of strikes by doctors during the middle 1970s. Others in the health professions
apart from doctors are also likely to organize in order to try to increase their share of medical income.

Governmental influence in the medical system is likely to increase during the last years of the 1980s, causing demands for limits on physicians' fees, increases in the importance of nonphysician medical professionals and technicians, and liberalization of entry into medical schools.

Unions will continue to face strong anti-union forces throughout the 1980s. Preventive labor relations programs (i.e., programs to keep unions out of companies or plants) gained a foothold in business during the early 1980s. Strong anti-union sentiments in the United States are surprisingly held not only by business and agricultural groups but by a large segment of the population. The labor movement, if it is to change this attitude among the general public, needs to be more aggressive in expressing its side of the story.

Union social involvement—represented by the promotion of anti-discrimination, welfare, social security, and employment and training programs—will continue, but will not be the main thrust of union activity. While the labor movement as a whole must continue to concern itself with the plight of the disadvantaged, minorities, and similar groups, the primary impetus to programs that help the disadvantaged will come from those unions with a primary stake in organizing low income workers or in forming political alliances with such workers. The larger thrust of union activity will be to promote programs that create jobs and reduce inflation in an atmosphere of struggle for shares of the economic pie—a pie that is not apt to grow rapidly. Moreover, unions may be forced to give way on work rules and resistance to technological change in a world facing increased costs for producing almost everything.

Although the philosophy of American unions has been attacked by many as being void of significance and importance because of not being ideological enough, it seems unlikely that organized labor will radically change its bent toward pragmatic activities or goals. The claim that bread-and-butter unionism and concern for the paycheck will become less important is without merit. One essential theme of this book has been the continuing influence of the pragmatic economic goals established by Samuel Gompers in 1886, goals which profoundly affect the American labor movement to this day.

Pragmatism does not preclude an increased social awareness by unions and their involvement in activities that on the surface may appear to be contrary to a pragmatic philosophy. Despite a renewed awareness of the role of economic scarcity, the "central economic problem," the search continues for means of dealing with it that are in harmony with American labor's philosophy, which is "a hope, supported by bargaining power, that the future will be better than the..."
past founded on the potentiality of the American economy. Is not the desire to abolish want—to lift the age-long burdens from the backs of man—the moral driving force of every movement to regenerate mankind?" [1, p. 152].

During the rest of this century it will remain to be seen whether organized labor will be required to embrace new leaders, leaders who are better educated than their predecessors and who have new ideas and different values. These leaders will need to guide the movement in a period when the U.S. economy is much more complex and more affected by developments in the rest of the world than the economy that their predecessors had to deal with. As one observer of the scene has noted: "The one thing that can be said with certainty about American unions tomorrow is that they will change and adapt. They always have, and they always will" [2, p. 179].

REFERENCES FOR CHAPTER 8


(Note: "Ind." signifies that the union is independent, i.e., not affiliated with the AFL-CIO.)

**APPENDIX**

Airline Pilots

Air Line Pilots Association (AFL-CIO)

Automobile Workers

United Automobile, Aerospace, and Agricultural Implement Workers of America, International Union (AFL-CIO)

Bakery, Confectionary, Tobacco

Bakery, Confectionary, and Tobacco Workers International Union (AFL-CIO)

Boilermakers

International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers, and Helpers (AFL-CIO)

Bricklayers

International Union of Bricklayers and Allied Craftsmen (AFL-CIO)

California

California State Employees Association (AFL-CIO)

Carpenters

United Brotherhood of Carpenters and Joiners of America (AFL-CIO)

Clothing and Textile Workers

Amalgamated Clothing and Textile Workers Union (AFL-CIO)

Communication Workers

Communication Workers of America (AFL-CIO)

Electrical (IBEW)

International Brotherhood of Electrical Workers (AFL-CIO)

Electrical (IUE)

International Union of Electrical, Radio, and Machine Workers (AFL-CIO)

Electrical (UE)

United Electrical, Radio, and Machine Workers of America (Ind.)

Fire Fighters

International Association of Fire Fighters (AFL-CIO)

Food and Commercial

United Food and Commercial Workers International Union (AFL-CIO)

Government (AFGE)

American Federation of Government Employees (AFL-CIO)
Government (NAGE) National Association of Government Employees (Ind.)
Hotel Hotel and Restaurant Employees and Bartenders International Union (AFL-CIO)
Iron Workers International Association of Bridge, Structural, and Ornamental Iron Workers (AFL-CIO)
Laborers Laborers' International Union of North America (AFL-CIO)
Ladies' Garment International Ladies' Garment Workers' Union (AFL-CIO)
Letter Carriers National Association of Letter Carriers (AFL-CIO)
Longshoremen International Longshoremen's Association (AFL-CIO)
Machinists International Association of Machinists and Aerospace Workers (AFL-CIO)
Maintenance of Way Brotherhood of Maintenance of Way Employees (AFL-CIO)
Maritime Union National Maritime Union of America (AFL-CIO)
Meat Cutters Amalgamated Meat Cutters and Butcher Workmen of North America (AFL-CIO)
Mine Workers United Mine Workers of America (Ind.)
Musicians American Federation of Musicians (AFL-CIO)
National Education Association National Education Association (Ind.)
Nurses' Association American Nurses Association (Ind.)
Office Office and Professional Employees International Union (AFL-CIO)
Oil, Chemical Oil, Chemical, and Atomic Workers International Union (AFL-CIO)
Operating Engineers International Union of Operating Engineers (AFL-CIO)
Painters: International Brotherhood of Painters and Allied Trades of the United States and Canada (AFL-CIO)

Paperworkers: United Paperworkers International Union (AFL-CIO)

Plumbers: United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada (AFL-CIO)

Police: Fraternal Order of Police (Ind.)

Postal and Federal Employees: National Alliance of Postal and Federal Employees (Ind.)

Postal Workers: American Postal Workers Union (AFL-CIO)

Printing and Graphic: International Printing and Graphic Communications Union (AFL-CIO)

Railway Clerks: Brotherhood of Railway, Airline, and Steamship Clerks, Freight Handlers, Express, and Station Employees (AFL-CIO)

Retail Clerks: Retail Clerks International Union (AFL-CIO)

Retail, Wholesale: Retail, Wholesale, and Department Store Union (AFL-CIO)

Rubber: United Rubber, Cork, Linoleum, and Plastic Workers of America (AFL-CIO)

Service Employees: Service Employees' International Union (AFL-CIO)

Sheet Metal: Sheet Metal Workers' International Association (AFL-CIO)

State, County: American Federation of State, County, and Municipal Employees (AFL-CIO)

Steelworkers: United Steelworkers of America (AFL-CIO)

Teachers: American Federation of Teachers (AFL-CIO)

Teamsters: International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America (Ind.)
<table>
<thead>
<tr>
<th>Union</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Union</td>
<td>Amalgamated Transit Union (AFL-CIO)</td>
</tr>
<tr>
<td>Transportation Union</td>
<td>United Transportation Union (AFL-CIO)</td>
</tr>
<tr>
<td>Transport Workers</td>
<td>Transport Workers Union of America (AFL-CIO)</td>
</tr>
<tr>
<td>Woodworkers</td>
<td>International Woodworkers of America (AFL-CIO)</td>
</tr>
</tbody>
</table>