

CHAPTER VIII

THE AMERICAN SYSTEM OF INDUSTRIAL
RELATIONS

Some Contrasts With Foreign Systems

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I

The year 1954 saw important developments in the field of industrial jurisprudence. A New York arbitrator held that it is not permissible to fire a waiter because he is writing a book about the customers and the owner of the restaurant. The New Jersey Supreme Court held that a bartender, hit by flying beer steins, may collect workmen's compensation. An Australian tribunal held that compensation was proper in the case of a dislocated jaw suffered while yawning at work. There were also important new laws and administrative orders. Boxers appearing in professional bouts in Indiana were required to take non-communist oaths. The town of Waterloo, Nebraska, forbade barbers to eat onions between 7 A.M. and 7 P.M.

Before a body such as this it might seem appropriate for me to discuss these and other important recent developments in industrial jurisprudence. But your President knows that I am not competent to do this and he wisely suggested that I refrain from talking about the kind of problems that you are so expert at handling. Something broad and general that might give you what he called "background" and that would not too painfully reveal my ignorance of arbitration was what he suggested.

Well, the broadest topic that I can think of in the labor field is comparisons between the systems of industrial relations of different countries. Consequently, I am going to discuss a few aspects of the

American system of industrial relations and contrast them with corresponding parts of some foreign systems of industrial relations. But I intend to do this mainly in the words of foreign visitors to the United States, because an understanding of how our industrial relations impress foreigners is in itself worth having.

II

Perhaps it is wrong to designate as a "system" a group of arrangements that has grown up without being planned as a whole. I do not care to argue that point which seems to me to be unimportant. Our arrangements in the field of industrial relations may be regarded as a system in the sense that each of them more or less intimately affects each of the others so that they constitute a group of arrangements for dealing with certain matters and are collectively responsible for certain results.

The American system of industrial relations, like nearly all other systems, has three principal groups of components. One group represents the arrangements provided by the government; the second group consists of arrangements coming from the trade unions and their relations with employers; the third group represents those coming from management.

I do not intend to say much about differences in the role of the government in systems of industrial relations—important as these differences are. As you all know, the activities of the government in this field in the United States have increased enormously in the last twenty years. Even today, however, the role of the government in industrial relations in the United States is of less importance than the role of the government in most other countries. Certainly, the government here has less to do with the immediate setting of compensation and many conditions of employment than the governments of most other industrial countries.

Perhaps it would be desirable if our government were to do considerably more than it now does in determining the income to retired persons, unemployed persons, sick and disabled persons. On the

other hand, when one looks at the activities of some other governments, such as those in France and Italy, one is inclined to ask whether it would not be desirable to shift some of the decisions in those countries from the government to collective bargaining.

The two most interesting aspects of the American system of industrial relations are the roles of trade unions and employers. I wish to discuss briefly some of the activities of trade unions and employers. Let me begin with the activities of unions.

III

Three characteristics of American industrial relations stand out no matter what country is compared with the United States:

- (1) the relatively high development of local unions including a considerable degree of local autonomy;
- (2) the prevalence of local or company bargaining rather than industry-wide bargaining;
- (3) the considerable degree to which the rights of workers are prescribed by terms of agreements between unions and employers.

These differences are particularly marked if one compares industrial relations in the United States with industrial relations in continental countries where the development of local unions has not gone very far. These points of difference, however, also impressed union visitors from Great Britain where unions are much more like American unions than are the unions on the continent. A team of ten union officers was sent to the United States by the General Council of the British Trades Union Congress in 1949. Of local unions in the United States the British team said:

The essential difference between American Locals and British trade union branches is the degree of autonomy exercised by the former. They often have their own officers and full-time clerical staffs, do their own administration, handle disputes and grievances insofar as they are able, and frequently conduct negotiations with "their" companies. In many cases Locals determine much of their own policy . . .¹

¹ British Trades Union Congress, *Trade Unions and Productivity*, p. 17.

Americans, familiar with the various ways in which national unions influence and limit the policies of local unions, would probably not describe the locals as having a considerable measure of autonomy, but everything is relative, and to British unions our locals possess a considerable degree of autonomy. Although American local unions usually act subject to a veto by the national or subject to national rules, the locals are allowed considerable initiative and are given considerable discretion. Furthermore, when one recalls the difficulties of some national unions in preventing abuses in welfare funds negotiated by their locals, one reaches the conclusion that the British were right in being impressed with the large amount of autonomy still left to local unions in this country.

The British related the autonomy of local unions in the United States to the American practice of negotiating local agreements. In the words of the British team:

Much of the autonomy exercised by Locals is directly associated with the practice of collective bargaining on a plant or company basis, as distinct from an industry-wide basis as in Britain . . .²

I suspect that the British team was not aware of the extent to which the final stage of negotiations between local unions and employers is taken over by national vice presidents or representatives, or of the control which national unions from time to time impose on the terms that locals may accept. But even when the local negotiators give way to a representative sent out by the national office, a local or company agreement, peculiarly affecting the local union and its employer or employers, is at stake.

The British visitors were impressed too by the extent to which agreements negotiated by American unions contain many specific rules to protect the rights of union members. The British on the whole seem to pay somewhat less attention to these matters, though, as is well known, they have from time to time stubbornly challenged the right of the employer to dilute skilled labor. Questions which in the United States would involve interpretations of the trade agreement

² *Ibid.*, p. 17.

and which, if unsettled, would often go to an umpire, are taken in Britain to joint district or joint national committees which are not bound by specific rules but which make a decision on the basis of a rule of reason.³ The British team described American practices in the following words:

To a large extent matters dealt with by joint consultative committees in Britain are in the U.S.A. written into union-company agreements . . . Problems on the whole can be dealt with immediately and there is no need to report to anyone outside the plant unless a problem becomes so big that the international union representative has to be called in.⁴

The British trade unionists were impressed by the fact that in many American plants shop chairmen spend all or virtually all of their time looking after the interests of employees and processing their grievances. You will be surprised, I think, at the way in which the British team described the practice in some large plants of management's paying for the time of a specified number of shop chairmen. To the Britishers the employer was *hiring* the shop chairmen to look after grievances. I am sure that most managements would find this a new and surprising way of looking at the practice. Here is what the British unionists say about the matter:

We were greatly impressed with the practice in many plants of companies engaging union officials or shop stewards on a full-time basis, looking after the affairs of the union with particular regard to day-to-day production matters inside the plant. Any suggestion that such officials in dealing with management lose the confidence of union members is cancelled out by the fact that the officials are elected annually and that their continued

³ I called attention to the difference between British and American procedures some years ago in an article entitled "The Contents of Collective Agreements—The Wisdom of Hindsight", *Journal of the Society for the Advancement of Management*, Vol. III, No. 1, 1938, p. 16. In this article I pointed out some of the advantages of the British procedures. It seems clear, however, that they require some kind of a national agreement, at least one relating to the processing of cases. The British procedures could not now be introduced without undermining the important seniority rights which have been built up in American plants. But ways are needed to introduce some flexibility into these rights and to prevent their creating a sort of industrial serfdom.

⁴ British Trades Union Congress, *Trade Unions and Productivity*, p. 57.

stewardship depends on retaining the trust and confidence of the members.⁵

At another point in its report the British team added the following comment on the same matter:

Companies obviously find it worth while to employ union officials in this manner.⁶

The fact that the British team was a bit confused as to the relationship between shop chairmen and employers should not obscure the important point that the British unionists were struck by the vigilance and initiative with which unions in the United States look after the day-to-day interests of the individual worker.

IV

Let us now look briefly at some of the distinctive characteristics of American management that have great significance for industrial relations. Again it is useful to look at American practices through foreign eyes. Of particular usefulness is the productivity report of the British team of industrial engineers which visited the United States in 1953 under the auspices of the Anglo-American Productivity Council.⁷ The members of the British team saw many features of American management which they considered more or less unique. It is true that most of the differences between American and European managements are differences in degree rather than differences in kind, but the differences in degree are so great as to amount to differences in kind.

The British specialist team on industrial engineering was particularly impressed by the interest of American managements in expansion. The team stressed the fact that American enterprises do not merely attempt "to fill a market" but that they were engaged in

⁵ *Ibid.*, p. 57. This matter is also discussed in the same publication on p. 18.

⁶ *Ibid.*, p. 11.

⁷ The title of the report of the team is *Productivity Report on Industrial Engineering* and copies may be obtained through the Office of Technical Services, Department of Commerce, Washington. For a good description of European managements as seen by American observers see the article by F. H. Harbison and E. W. Burgess, "Modern Management in Western Europe" in the *American Journal of Sociology*, July, 1954, Vol. LX, pp. 15-23.

"finding and in fact creating a market" for manufactures.⁸ Other features of American management which impressed the British team were the relatively high development here of preparatory planning, "the aggressive cost consciousness" of American managements "at all levels" which the British team described as "much more" than in the United Kingdom, and "emphasis of costing as a tool of management" and the use of cost analyses in advance planning to estimate risks.⁹ In the words of the British team "the risks American business men are willing to take are calculated and based on complete cost information, which is analyzed before any project is started. Whereas in the United Kingdom the cost accountant very often is brought into a project only after it has begun, in the United States he is almost invariably brought in at the time of the first discussions, and, when plans are settled, checks that the expenditure does not exceed the limits set."¹⁰ The British team was of the opinion that the development of the planning of new projects in the United States substantially affected the willingness of American enterprises to take the risks of starting new projects.

The most unique thing about American management, particularly the management of large concerns, is the success of top managers in avoiding becoming overwhelmed by routine and detail, and their success in reserving a considerable part of their time for planning innovations and expansion. I suspect that fundamentally the scale and structure of management is an effect of the interest of managers in expansion. But there is an interaction between cause and effect. Today the fact that managers have provided themselves with an abundance of personnel and have kept themselves free to think and to engage in long-range planning undoubtedly helps to sustain and increase their interest in expansion.

In Europe the situation seems to be quite different. American observers are impressed with the small number of managerial positions

⁸ Anglo-American Council on Productivity, *Productivity Report on Industrial Engineering*, p. 2.

⁹ *Ibid.*, pp. 17, 19, 20, 22.

¹⁰ *Ibid.* p. 22.

in most European firms, the limited delegation of authority, the absence of staff, the absorption of top managers in routine detail, all with the result that the small and overworked top managements have little time to think about innovations and expansion. European observers to this country, on the other hand, are impressed with the lavish use of staff to help line management, and the considerable amount of time and effort devoted to planning change and development. It is of interest, however, to note that the great use of staff to assist line management in the United States has been a development of the last fifty years. There were almost no staff positions in American industry before 1900. Even large banks did not have credit departments 50 years ago.

Although top American managements as a group have realized far better than administrators, public or private, in any other part of the world the importance of having time to think and to make long-range plans, American managers as a class have not succeeded in protecting themselves against overwork and excessive worry. The incidence of ulcers and other symptoms of overwork and worry is high. But the American managers have succeeded on the whole in avoiding becoming submerged by routine. If managers quite frequently suffer from ulcers, at least these ulcers have been largely acquired as the result of efforts to make innovations and to plan expansion.

V

What are the consequences of the characteristics of the American system of industrial relations which I have selected for discussion? It would be tempting to attempt to explain differences in the movements of productivity and real wages between the United States and Great Britain or between the United States and other countries in terms of differences in the system of industrial relations.

Between 1900 and 1950, for example, output per capita in the United States rose about three times as rapidly as in Great Britain—though from 1948 to 1954 the increase in output per capita in Great Britain has been slightly greater than in the United States. Real

hourly earnings have been rising faster in the United States than in Britain. They increased about 18.5 per cent here between 1947 and April, 1954, or almost twice as rapidly as in Great Britain where the rise between April, 1947 and April, 1954 was 9.8 per cent.¹¹ Comparisons of this sort, however, would be meaningless and, indeed, misleading. Changes in productivity and wages are the result of a multitude of influences of which the system of industrial relations is only one. Furthermore, one of the activities of the British system of industrial relations of the postwar period was to impose on the country a conscious policy of wage restraint, a policy not found in the United States except briefly during the Korean War.

But although one cannot isolate and measure the effects of the systems of industrial relations, one's common sense tells one that there must be effects. Hence, one is justified in asking what consequences one might reasonably expect to follow from the systems of industrial relations. It is particularly illuminating to note what results foreign observers attribute to conditions in the United States which they pick out as being quite different from conditions in their own countries.

Two important effects are ascribed by foreign observers to the distinctive characteristics of American industrial relations—greater pressure on management to increase the productivity of labor and greater interest by the employees of each enterprise in the prosperity of the concern.

The analysis by the British trade unionists of the impact of American industrial relations upon productivity is particularly interesting. The British unionists reached the paradoxical conclusions (1) that the interest of American unions in production is weak but (2) that their influence upon the increase in productivity is considerable. "We found," said the British union team, "most American union officials

¹¹ The rise in hourly earnings in the United States is based upon the weighted average of hourly earnings in manufacturing, bituminous coal mining, building construction, class I railroads, the telephone industry, wholesale trade, retail trade, laundries, and agriculture, weighted by employment in April, 1954. The average hourly earnings in Great Britain are derived from the *Ministry of Labor Gazette*, September, 1954, p. 301.

and members, in spite of their engineering departments and activities, less concerned about the need to increase productivity than trade unionists in Britain because in the main they can rely on management to be sufficiently progressive".¹²

The practice of bargaining company by company, in the view of the British unionists, explains the strong influence of American unions on productivity. The British unionists state the case thus:

Unions recognize that some companies will always be ahead of others and will continually improve their efficiency to increase profits. They (the unions) contend that if they bargained on an industry-wide basis, they would have to accept the wage rates and working conditions obtainable in the worst, or at most, average companies. This would enable efficient companies to make unreasonably high profits, remove part of the pressure on them to continue to improve their efficiency. . . .

Under union-company bargaining wage rates and piece rates vary between companies in similar industries. Theoretically, a union is always striving toward similar rates throughout its industry in that having secured good rates with the most profitable company it tries to lift wage rates in others to that level. Meanwhile, the efficient companies have again increased their output per manhour and profitability, and the unions then start the rounds again.¹³

The British exaggerate the willingness of American unions to make different settlements with similarly situated employers, but they are correct that unions begin negotiations with the company that is most likely to yield and that this practice raises the pressure on managements to improve technology. Experience under industry-wide bargaining in the bituminous coal industry seems to be an exception to the above generalization. As a matter of fact, the special position of the captive mines has enabled the union to whipsaw the employers, and the ambitions of Mr. Lewis have limited the effect of economic considerations upon union wage policies.

A second consequence of American collective bargaining prac-

¹² British Trades Union Congress, *Trade Unions and Productivity*, pp. 10-11.

¹³ *Ibid.*, p. 53.

tices, particularly company-union agreements, is to stimulate the interest of employees in the prosperity of the company. On this point the British industrial engineering team said:

Local negotiation of wages and conditions adds to the interest taken by employees in the activities of their own company, since their trade union's success in wage negotiation is closely related to the success of the company.¹⁴

The British industrial engineers also added the belief that American unions accept the view "that higher benefits for their members can only be obtained if they support management in measures which will increase the efficiency of production and strengthen the position of the company".¹⁵

The British industrial engineers noted, however, the absence in the United States of formal arrangements for participation by unions in promoting efficiency:

We found that joint production committees as understood in Britain are not popular. The attitude of the unions is that managerial problems should be settled by management alone and that the unions' function is to investigate their plans only where they affect workers' interests.¹⁶

To the British trade unionists the lack of formal arrangements for promoting efficiency was a matter of surprise. The British unionists said:

A fact we found surprising therefore was unions' lack of interest in formal joint consultative machinery, especially as many of them seem well qualified to make an effective contribution to plant efficiency through such machinery. The truth is that most unions do not expect or, we suspect, want to be consulted about the running of the plant. . . . There is nothing restrictive in this attitude, even if it is not cooperative. The job of managing is left to management.¹⁷

¹⁴ Anglo-American Productivity Council, *Productivity Report on Industrial Engineering*, p. 73.

¹⁵ *Ibid.*, p. 47.

¹⁶ *Ibid.*, p. 45.

¹⁷ British Trades Union Congress, *Trade Unions and Productivity*, p. 57.

The British trade unionists added the following interesting comment:

The absence of joint consultative machinery does not mean that union-management relations are necessarily "distant". In fact, we got the impression that relations generally are better than in many British factories.¹⁸

Interest of workers in the success of the company is, of course, stimulated by the practice of promoting from the ranks. The industrial engineering team mentioned "the undoubted greater opportunities compared with Britain to rise from the shop floor to senior managerial positions".¹⁹ The team was also impressed by the fact that managements "recognize and encourage an ambitious attitude on the part of the worker".²⁰ This team thought that the general relationship of workers to management in United States industries is "often significantly different from that found in factories in Britain". The team attributed the difference in part to "the lack of class barriers in American industrial life".²¹

If unions count on gaining benefits for their members from the success of the company, one would expect them to be aggressive in their demands. The British industrial engineering team was of the opinion that American unions are more aggressive than British unions in pushing demands. The British team stated that British managers working in the United States "argued that the main difference between British and American unions is the aggressive American attitude".²²

Foreign observers have not commented on how industrial relations have been affected by the large amount of attention given by top managements in the United States to plans for innovation and expansion. Sometimes innovations have created conflict between groups of workers and managements. These conflicts, however, have on the whole been of superficial importance. The fundamental effects of

¹⁸ *Ibid.*, p. 57.

¹⁹ Anglo-American Council on Productivity, *Productivity Report on Industrial Engineering*, p. 6.

²⁰ *Ibid.*, p. 46.

²¹ *Ibid.*, p. 46.

²² *Ibid.*, p. 72.

innovation and expansion have been better industrial relations. Many opportunities have been created for men to move into better jobs. The growth of opportunity is reflected in the fact that skilled and professional workers have been becoming a larger proportion of the labor force.

The attention of managements to innovation has been fundamentally responsible for the rapid growth in output per manhour. The increase in output per manhour has meant (1) there has been quite a bit to bargain over and (2) that managements have not been disposed to resist too strongly even stiff demands from trade unions. Hence, the attention of managements to innovations has increased the importance of collective bargaining and has tended to make collective bargaining work more or less satisfactorily to both sides, but particularly to the employees.

VI

Does the American system of industrial relations lead to more or less interruption to production than systems where bargaining is usually on an industry-wide basis rather than on a local or company basis? A truly scientific answer to the question cannot be given because the scale of interruptions to production is affected by many conditions other than the methods of bargaining. Although our figures on strikes and lockouts have been substantially improved in recent years, they still fail to provide important breakdowns that would shed much light on various conditions that produce strikes and lockouts. It is to be hoped that Congress will soon provide increases in funds badly needed to provide the country with more adequate figures on work stoppages, and also on wages, unemployment, and other matters.

One would expect the kind of bargaining that one finds in the United States to produce a higher rate of stoppages than would be produced by the industry-wide bargaining of Britain or Sweden. I grant that under industry-wide bargaining employers will usually be more inclined to resist union demands than when bargaining is by com-

panies or even localities.²³ There is an important qualification to that observation which I will mention presently. On the other hand, unions under company bargaining and to a less extent under locality bargaining are likely to make stiff demands because they will not be held back by those of their members who work for high-cost employers. The stiff demands increase the likelihood of conflict.²⁴

But the principal reason why one would expect a higher stoppage rate under the American system of bargaining than under the British or Swedish is that shutting down a company or the companies in a locality is not particularly serious to the economy as a whole, whereas shutting down an industry or a group of industries may be too serious to be tolerated. Deadlocks frequently occur in industry-wide bargaining in Britain, but, if the industry is an important one, the result is not usually a stoppage but government intervention, a board of inquiry, further bargaining on the basis of the board's recommendations, and usually further concessions.²⁵

The record of the last year in Britain is illuminating on this point, particularly the experience in the engineering industry and the railroad industry. Incidentally, an important change seems to be occurring in the operation of the British arrangements for handling major disputes and the British are confronted with the question of how seriously the operation of boards of inquiry will be undermined by the growing disposition of the unions to reject the awards of the boards.²⁶

²³ Although industry-wide bargaining reduces the cost of concessions by employers, it greatly reduces the cost of resistance because it prevents one competitor from taking away the customers of other firms.

²⁴ When is the risk of conflict greatest—when the pattern settlement is being negotiated or when the union is attempting to spread it to high-cost plants which cannot afford to pay it? I think that the recent history of strikes in the steel and automobile industries shows that stoppages are most likely to arise over the terms of the pattern settlement, but I would like to see a statistical study of this point.

²⁵ In spite of the prevalence of industry-wide bargaining in Britain and Sweden, the average number of workers per strike or lockout in those countries is usually less than in the United States—for the period 1927 to 1953 inclusive it was 239 in Sweden, 448 in Britain, and 507 in the United States. Of course, these figures simply reflect the fact that industry-wide strikes rarely occur in Britain or Sweden.

²⁶ One is reminded of the change that occurred in the operation of the Railway Labor Act in this country before and after about 1941.

Whatever may be the reason, the result is what one would expect—the rate of industrial conflict in the United States *is* considerably greater than in Britain or Sweden. Of the various available measures of the rate of industrial conflict, I think that by far the most meaningful is working days lost as a multiple of union membership. This measure allows for the fact that strikes among unorganized workers are few and short. Hence, the measure is a fairly satisfactory indication of the propensity of union members to strike and of the success of collective bargaining in producing agreements.²⁷ Ross and Irwin's interesting comparison of strike experience in five countries found that the time lost per union member during the period 1927-1947 was far greater in the United States than in either Britain or Sweden—3.2 working days per member per year in the United States, 2.2 days in Sweden and 0.5 days in Britain.²⁸ I have had the Ross-Irwin table extended through 1952. For the entire period 1927 to 1952 inclusive the working days lost as a multiple of union membership were 3.1 in the United States, 1.8 in Sweden and 0.4 in Britain.

I do not suggest that the prevalence of local or single-firm bargaining here in contrast with industry-wide bargaining in Britain or Sweden solely explains the difference in time lost per union member from stoppages. Other important differences, such as the strong rivalry between unions in the United States, the vigorous efforts of American unions to extend their membership in contrast with the more passive policies of British and Swedish unions, the absence here of legal restraints on strikes (such as existed in Britain from 1940 to 1951), the

²⁷ It would be desirable to use only the working days lost among union members in stoppages called by unions.

²⁸ A. M. Ross and Donald Irwin, "Strike Experience in Five Countries, 1927-1947—An Interpretation". *Industrial and Labor Relations Review*, April, 1951, Vol. 4, p. 332. The figure Ross and Irwin give for the United States is 3.0 days per member per year, but they use unsatisfactory figures for membership. They accept the estimates of the Bureau of Labor Statistics for 1945, 1946, and 1947 which are based on badly inflated estimates of the C.I.O. membership and they fail to subtract the Canadian membership of unions with headquarters in the United States. When corrections are made for these errors, the figure comes out 3.2 instead of 3.0. The Ross-Irwin article also contains an error in the Swedish figures which seems to be due to a misprint. The figure for the year 1928 should be 10.3, not 0.3. This error seems to have affected the computations. Ross and Irwin get 1.7 working days lost per union member for the period 1927-1947. The figure should be 2.2.

longer use of an official policy of wage restraint in Sweden and Britain, all help account for the differences in the time-lost rates between the United States, Sweden, and Britain.²⁹

The case of Canada deserves brief comment. Although the system of bargaining in Canada is virtually the same as in the United States and although the Canadian system of industrial relations in most respects is quite similar to that of the United States, working days lost from stoppages per union member in Canada for the period 1927 to 1952 was only about one-third that of the United States and considerably below that of Sweden. It was slightly more than three times as high as the extraordinarily low British rate.³⁰ How is the very low Canadian rate to be explained? Does it not cast serious doubt on the view that the low rates in Britain and Sweden are the result of the prevalence of industry-wide bargaining?

My belief is that the principal explanation of the low Canadian strike rate is that most Canadian unions and employers are content to follow employers in the United States in making wage changes. In other words, the low strike rate in Canada reflects the fact that Canada is a pattern follower rather than a pattern maker, and it brings out one of the advantages of being a pattern follower. If one measures the propensity to strike by the workers involved in strikes as a percentage of union membership (rather than by days lost per union member), Canada is only second to the United States—well above Britain and Sweden. For the period 1927-1952 workers involved in strikes as a percentage of union membership were 18.3 in the United States, 11.7 in Canada, 5.9 in Britain, and 2.9 in Sweden.³¹ All of this means that, though strikes in Canada are quite frequent, they are also quite short—as one would expect in a pattern-following

²⁹ A. M. Ross and Donald Irwin, *ibid.*, p. 338. Incidentally, Ross and Irwin express the belief that "unions are less aggressive where bargaining on a multi-employer basis", thus agreeing with the British industrial engineering team that American unions are more aggressive than British ones.

³⁰ For the period 1927 to 1952 working days lost in stoppages per union member in Canada were 1.3.

³¹ For the period 1927-1947 I have used the figures in Ross and Irwin's excellent article making appropriate corrections in their figures on trade union membership in the United States.

country. They average only slightly half as long as in the United States, only little more than one-fourth as long as in Sweden, but they are longer on the average than the extremely short strikes in Britain.³²

VII

Let me close these remarks with a few words of appraisal. The fact that time lost from strikes and lockouts per union member in the United States is far higher than in Sweden or Britain might be accepted as a reflection on our system of industrial relations. But systems of industrial relations should not be judged solely by their success in maintaining peace.

One must admire the success of Britain and Sweden in maintaining an exceptionally low rate of time lost from industrial disputes in recent years. The competitive positions of their economies in world markets, of course, have made the avoidance of stoppages of considerable importance. The trade unions in both Britain and Sweden have developed a willingness to accept central direction which enables them to go far in cooperating with governments to safeguard the economic interest of the entire community.

³² Working days lost as a multiple of workers involved in strikes in the period 1927 to 1952 inclusive were 18.4 in the United States, 11.9 in Canada, 46.7 in Sweden, and 6.9 in Britain. In recent years virtually all strikes in Britain have been so-called "unofficial" strikes—not sanctioned by a union.

The fifth country included by Ross and Irwin in their article was Australia. Lack of time prevents my discussing the differences between Australia and the United States. Working days lost per union member in Australia has been low—from 1927 to 1947, slightly less than in Canada but considerably less than in Sweden. The figure has changed little, and since 1948 has been well below Canada (0.9 per year in Australia) but, of course, far above the very low post-war rates of Sweden. On the whole, the arbitration machinery of Australia seems to do a pretty good job of producing a low time-lost rate. But workers involved in strikes as percentage of union membership in Australia are high—almost as high as in the United States and well above Canada, and, of course, far above Sweden or Britain. For the entire period 1927 to 1952 it was 16.7, for the period 1927 to 1947, 15.0, and for the period 1948-1952, 24.2. But the high propensity to strike in Australia is coupled with very short strikes. Australian strikes are about as short as the British, and seen to be getting shorter. For the period 1927-1947, the average Australian striker lost 8.8 working days; for the period 1948-1952, 3.9 days. The extremely short strikes in Australia keep down the time lost rate in spite of the high propensity to strike.

Qualifying collective bargaining by considerations of national interest to the extent that the British and Swedish unions have done (and also unions in other countries, including Denmark and the Netherlands) would be out of question in the United States. The federations here lack the influence over national unions possessed by the federations in Britain and Sweden, and the national unions here usually see no particular reason for being concerned with interests of the country as a whole. All of this is a way of saying that the differences in the economic situations of the United States, Britain, and Sweden have given the unions in the several countries somewhat different objectives. The unions in the United States are much more concerned with raising wages than the unions in Britains and Sweden, and the unions here are frequently not concerned at all with either the general level of employment or the competitive position of the country.

The methods of bargaining that exist in the United States have great advantages under our conditions. No one would pretend that our methods would work elsewhere. There are great advantages in having employers under strong pressure to increase efficiency, as they are when under individual-enterprise bargaining or even local bargaining, but less so under industry-wide bargaining.³³ There are great advantages also in having the bargaining unit small enough so that the bargainers can give proper attention to the many issues and conditions that ought to be considered. When a bargain applies to a whole industry comprising many plants, the bargainers can discuss only a small proportion of the many matters that ought to be considered.

The British have attempted to deal with this problem, as I have previously indicated, by joint district or national boards which have broad authority to decide cases by rule of reason. There is much to be said for this method of protecting the interests of individual workers

³³The conditions which make bituminous coal mining an exception to the above generalization should be kept in mind.

under industry-wide agreements, but it does not seem to be as effective as the kind of agreements which can be negotiated under single-enterprise or local bargaining. Even in single-enterprise bargaining the bargaining unit may be so large that the negotiators cannot easily deal with all matters that should perhaps receive consideration. Some single-enterprise bargains in the United States (those of General Motors or United States Steel) cover more workers or plants than are found in any industry in Sweden.

Just as industry-wide bargaining carries with it certain problems, so also does the industrial relations system of the United States. The considerable degree of autonomy permitted local unions sometimes becomes a source of abuse and opens the opportunity for the invasion of the labor movement by racketeers. This problem is serious in several cities at the present time. Furthermore, conditions are so favorable for collective bargaining in the United States that this instrument is used for dealing with matters which, in my judgment at least, might be more appropriately handled by legislation. For example, the great development of supplementary pension plans in recent years seems to me to have been badly overdone and is probably impeding much-needed improvements in the national pension plan.

By and large, however, I think that the United States should consider itself lucky. It possesses a system of industrial relations that, in its basic characteristics, fits conditions here reasonably well. The system has been developed without being planned. Perhaps that is why it represents a pretty good adaptation to conditions—it is simply the sum total of various efforts to solve problems rather than the expression of a plan which might faithfully reflect certain principles but which, because of that very fact, might not very well fit conditions.

Our system of industrial relations would probably not work anywhere else, but it gives the American worker better protection of his day-to-day interests than is received by the workers anywhere else, it puts American employers under greater pressure than the employers of any other country to raise productivity, and, though it gives

unions a wonderful opportunity to whipsaw employers, it gives employers a freedom to bargain which they like and for which they seem willing to pay a big price. Hence, we seem justified in being grateful that we have been favored by fortune and perhaps also in taking modest pride that we have pursued opportunist policies with considerable flexibility and good sense.
