

CHAPTER 7
THE NEW OPPORTUNITIES FOR
INDUSTRIAL RELATIONS

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A new look is being taken at industrial relations in the United States today, a new look by many people in many places. A generation ago, industrial relations in the United States were undergoing an historic transformation. They were moving from largely unilateral basic decision-making by management to increasingly bi-lateral decision-making by management and organized workers. Collective bargaining, previously confined to specific segments of the economy, was in the process of becoming a truly national institution.

In the generation that has transpired since the early 1930's, this form of industrial relations has been generally accepted in principle, but it is now being criticized more and more in practice. As the result of this incessant criticism and re-evaluation, a new historic transformation may be in the making. What shape is emerging for industrial relations in the next generation?

It has become fashionable over the past couple of years to speak of "the crisis in industrial relations." Many observers agree that there is a "crisis" or at least a new "challenge" or a new "agenda," but there are a number of views, some quite contradictory, on the content of the crisis or challenge or agenda. To illustrate by reference to recent opinions of some of the keenest and most influential observers of the industrial scene:

1. *The crisis: A hardening of attitudes.* Abe Raskin, in July 1959, wrote a widely influential article entitled "Labor—A New Era of Bad Feeling?"¹ He said a "basic reassessment of relation-

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¹ *New York Times*, July 5, 1959.

ships" was taking place. The large corporations, in particular, often were convinced that good relations had not paid off in plant efficiency and that they must regain some of their lost power. This meant tougher bargaining and new conflict. The General Electric approach was spreading.

Wight Bakke in his presidential address to the Industrial Relations Research Association in December 1959 spoke of a "hardening of antagonistic predispositions on both sides." From the author of *Mutual Survival*, this prediction of a new power battle sounded ominous. He noted that both sides were trying to reduce the power of their opposition rather than concentrating on building up their own strength; and that this was a particularly serious form of power conflict.

This warning has been taken up by others.²

2. *The crisis: A triumph of collusion.* The opposite thesis has been equally persuasively argued; that it is not more conflict but more collusion that constitutes the great current threat. Dan Bell in *Commentary* wrote of "The Subversion of Collective Bargaining,"³ saying that collective bargaining is no longer an instrument of justice but a new and most effective means for the exploitation of the less fortunate. "Collective bargaining . . . has almost reached the end of its career as an instrumentality of economic and social justice": and the union has become "a partner in a collusive enterprise which strong-arms the rest of the community."

Two main developments contribute to this "subversion": (a) jointly administered inflation—a jointly determined wage increase becomes the basis for a jointly accepted price increase, both sides profit and only the unrepresented general public suffers; (b) jointly determined distortions of the economy—for example, the vast alliance of companies and unions in the automobile, steel, oil and highway construction industries to expand highway transportation at the expense of other forms of transportation and other uses of the national income.

3. *The crisis: An inability to adapt to the requirements of*

² See, for example, *Fortune*, December 1960, and *Wall Street Journal*, November 9, 1960.

³ March 1960.

technological change. Sol Barkin, among others, has identified resistance to or lack of adaptability to progress as a central issue. In "A New Agenda for Labor"⁴ he wrote that "no one is happy about the state of industrial relations in the United States today"; "the machinery of industrial relations is stuck at dead center"; "collective bargaining has degenerated into haggling." Collective bargaining and its participants, management and organized labor, have concentrated more on saving old jobs and old markets than on creating new jobs and new markets. Boyd Leedom has written under the title, "New Horizons in Labor-Management Relations,"⁵ that "the problems incidental to automation serve now as the threatening cause of the breakdown in our concept of collective bargaining."

4. *The crisis: An excessive contribution to constant inflation.* The complaints against collective bargaining, in general, and unionism, in particular, that they guarantee inflation and thus are disturbing to and perhaps even destructive of our economic system are voluminous.⁶ With the government taking general responsibility for the volume of employment, the parties in collective bargaining and in other actions can be irresponsible about the price level.

5. *The crisis: A degeneration into legalism.* John Dunlop in his recent presidential address to the Industrial Relations Research Association spoke of what he considers to be "the fundamental challenge of the next four to ten years in industrial relations." He believes "that our national industrial relations system suffers from excessive legislation, litigation, formal awards and public pronouncements; that the principal carriers of this disease are politicians. . . ." He favors attempts at "consensus" by the parties directly concerned, responding to the realities of each situation.

This is but a partial catalogue of the "crises" and "challenges" and "agenda" items in industrial relations: excessive conflict, costly collusion, obstructionism toward progress, exorbitant in-

⁴ *Fortune*, November 1960.

⁵ *Labor Law Journal*, January 1960.

⁶ For one recent expression of this view see E. H. Chamberlin, "The Economic Analysis of Union Power," *Labor Unions and Public Policy*, American Enterprise Association, 1958.

flationary pressures, rampant legalism. There is some industrial conflict. There is some collusion. There is some obstructionism. There is some inflationary pressure. There is a tendency toward legalism. But which, if any, of these truly constitute a "crisis"?

Attitudes in collective bargaining may well have hardened in the past few years, but this can hardly be more than temporary. A long period of union gains followed by recessions and increased foreign competition are sufficient to explain this "predisposition." But the long-run trend is so clearly in favor of realistic bargaining by increasingly experienced representatives that a new epoch of strikes and violence can hardly be expected. It is more likely that the strike is "withering away," to quote Arthur Ross;⁷ and perhaps even as Dunlop has concluded,⁸ "on balance relationships never have been better."

Collusion has been with us for a long time and probably will continue with us a long time; if there is this kind of "subversion," and there is, it is both of long standing and of secure future. There is no clear evidence that it has increased suddenly in scope or intensity. In fact, greater inter-industry and foreign competition may have tended to offset the forces encouraging it.

Adaptation or lack of adaptation to technological progress again is an old story. The dynamism of change, however, has certainly grown apace, and public awareness of it has heightened as indicated by the constant use of the fearful word "automation" to cover so many processes far removed from strict automation. This is a familiar problem which has, however, taken on new intensity in certain major industries.

The problem of inflation and the contribution of collective bargaining to it has, in my judgment, been rather over-emphasized. Inflation has marked earlier periods of American history and also other societies than our own. In fact, over the past decade and a half, the American record for price stability, while far from perfect, has been remarkably good among the nations of the world. And it may become better. The record of the past

⁷ "Changing Patterns of Industrial Conflict," *Proceedings of the Twelfth Annual Meeting of the Industrial Relations Research Association*, 1960.

⁸ Presidential Address, *Proceedings of the Thirteenth Annual Meeting of the Industrial Relations Research Association*, 1961.

15 years reflects both post-war adjustments and the impact of the Korean War. There is a heightened public consciousness of the problem of inflation; foreign competition has been increasing; and productivity per man-hour may well rise at a faster pace to offset rising money wages. And, whatever the degree of inflation, collective bargaining is only one of several causes and probably not the most important.

Legalism in industrial relations has been a growing phenomenon since the Wagner Act, and the Landrum-Griffin Act can only carry it into new corners of industrial relations. It is certainly well to be forewarned about it and to take steps to offset it.

By comparison with the problems of today, serious as some of them are, there have been more serious ones in industrial relations over the past generation. The great drive toward union organization in the middle 1930's with its violent strikes, the new intervention of government, the changing attitudes of management, marked the most significant single crisis in the history of industrial relations in the United States to date. World War II brought a new crisis, hard on the heels of the organizational drive of the preceding few years. Wages and disputes were placed under government control and a vast bureaucratic mechanism was created almost overnight. Then in the postwar period there was a new crisis as management and labor each sought to structure the new situation. The unions largely won the battles in the collective bargaining arena with great concessions gained often by the strike; and the employers won in the political arena, particularly with the Taft-Hartley Act.

The past decade, by contrast, has been placid. Such crises as have occurred, have been by comparison quite restricted in their scope—restricted to a single industry, as in the steel strike of 1959; or restricted to an area somewhat marginal to collective bargaining, as in the Landrum-Griffin Act.

Rather than entering a new period of crisis, it seems to me more accurate to say that industrial relations in the United States are at the beginning of a new transitional period; and that, when we emerge from this period, industrial relations will have taken on some new forms and some new functions. If the past period of industrial relations in the United States might be identified by

its emphasis on bipartite collective bargaining with the rules of the game increasingly set by government, then the new period may come to be characterized as one of increasing tripartite policy-making within the confines of national purposes.

To define what is meant by this statement, three questions are helpful, Who are the players in the game? What is the game about? What are the rules of the game?

1. *Who are the players?* In the United States we are accustomed to two—management and organized labor. But, taking the world as a whole, this is an exception largely limited to the United States, Canada, England, the Scandinavian countries and Germany. The standard model for an industrial society calls for three active participants: management, organized labor and the state; though the state need not be the dominant participant as it is in so many societies. As participant, the state does more than set the rules; it also helps make actual decisions. This was the case in the United States in World War II; and it may be increasingly the case in the railway industry today.

Aside from worldwide trends, this trend may be expected here for wholly domestic reasons. Collective bargaining has a constantly deeper impact on society at large. It is no longer a side-show but is, instead, inextricably bound up with the effectiveness of the total economy. And the total economy is increasingly subject to competitive tests. One such preeminent test is the provision of reasonable equality of economic opportunity for women, the aged, the young and the members of minority groups. Collective bargaining cannot escape subjection to this test.

Another such pre-eminent test is the rate of growth of the economy; in fact this may come to be the conclusive test. It is a test we have as a nation passed with great distinction in past decades. It is a test we are not meeting even adequately today. Growth requires many things, including investment, research and education. But it also requires acceptance of new machines, and new methods, and new locations; of new work rules that are compatible with this acceptance; of adequate training and transfer programs; of flexibility in seniority provisions, wage systems, job assignments and union jurisdictions; and of the advance consul-

tation and joint planning which will make progress easier or even possible.

And all of these requirements, and others, penetrate into the collective bargaining process. Some adjustments can be made well only if government participates, as in training and transfer programs; and government cannot forever stand idly by if a major industry, like railroads, does not make the needed adjustments on its own.

The wider impact of collective bargaining and the consequent greater public concern with it, and the new tests for the economy will draw industrial relations increasingly from bilateral to tri-lateral forms.

2. *What is the game about?* Traditionally, collective bargaining has been concerned with the setting of wages, hours and conditions of work, usually on an annual basis. Increasingly it is concerned with the progress of the industry and thus the economy in general. This is not to suggest codetermination or comanagement in the German sense, but rather wider policy-making relating to major aspects of the welfare of the industry and the economy. The coal industry under the prodding of John L. Lewis is a case in point; also the recent developments in the West Coast longshore industry, among others. Collective bargaining comes to cover a wider scope, to penetrate more deeply into productive relationships and, consequently, to become more continuous.

3. *What are the rules of the game?* The old rules, against the use of violence and all the rest, will certainly be continued. But a new imperative will more and more be added; and that is to conform in a reasonable degree to the national interest. The national interest will call at least for reasonable growth, reasonable stability, reasonable industrial peace, reasonable equality of opportunity. No industry of size and significance will long escape this imperative.

This is not to suggest that any of this will happen all at once—quite the contrary; nor that it will occur equally in all segments of collective bargaining—again, quite the contrary. Rather this seems to be the general line of development, moving now faster and now slower—here faster, there slower. Collective bargaining

began as an exercise in sectional warfare, some even thought class warfare. It is now on its way to becoming an instrument less for sectional welfare and more for national welfare.

New relationships and new forms will develop:

1. Not only will collective bargaining be more conscious of national policy; but national policy will be more conscious of the environment it creates for collective bargaining. For example, relatively full employment is a virtual requisite before the problem of rapid technological change can be well handled at the collective bargaining level.

2. Government will need to relate itself to sectors and industries as well as to universal problems. New work rules in the railroad industry will call for one approach; retraining facilities and placement programs in the meat packing industry for another. Instead of uniformity of treatment from the legislative branch, there will be more particularity of treatment from the executive. Instead of controls to be enforced, there will be leadership to be given.

3. Collective bargaining will look longer into the future and wider and deeper into the present;⁹ and to assist this process, third parties will be more frequently called in, as they are in some parts of the steel and meat packing industries today.

4. To seek to articulate the interests of management and labor and the public, there will be new tripartite discussion and policy-recommending councils, by industry or by region or nation-wide. Just as the Council of Economic Advisors is destined for a more important role, so also will these industrial relations councils play a role of significance and one not unrelated to that of the Council of Economic Advisors itself. A democratic society cannot achieve a national policy by decree as in a monolithic state; but a national consensus can emerge from the laborious process of discussion and negotiation.

The great change in the past generation was the move from

⁹ Sumner Slichter once wrote: "The next formal step in industrial relations will be to replace the present contacts between management and employees with organized cooperation—a change that will be as epoch-making as the establishment of civil rights for workers in industry." ("New Goals for Unions," *Atlantic Monthly*, December 1958.)

largely unilateral to frequently bilateral industrial relations. The great change in the next generation may well be a further transition to increasingly trilateral, and thus more complex relations. The first great change brought a new emphasis on the interests of the worker; the next great change may bring a new emphasis on the interests of the public at large. In particular, the public may be concerned with growth; for the pace and direction of growth are now writing and will be writing much of the history of the contemporary world.

This new change will not be so rapid, and possibly not so basic as the earlier one; but it will be substantial. And, thus, it will be important that it be handled well. The central question will be how to reconcile sectional and public welfare. The central technique need not be more government regulation; and one of the challenges is to devise techniques which will be effective and yet avoid such regulation. The experiments now going on in several industries, a few of which were alluded to above, demonstrate that new initiative is still possible within collective bargaining; and new initiative has been shown and will be shown at the level of the federal government. What is needed most, perhaps, is a constructive attitude on the part of all participants, instead of the defensive one which over the years has marked so much of the collective bargaining scene.

In all of this, there may be a new role emerging for the arbitrator. In addition to his role as private judge may come a new part to play in helping to structure relations and define broad policies. Historically viewed, this would not be a truly new role, for arbitration started that way in the garment industry half a century ago.

In any event, there are new problems and thus, new opportunities. Our economy must be democratic, as it is; it must also be effective, as it sometimes is not. Industrial relations by now are a sufficiently important aspect of the economy so that they cannot escape full responsibility to the national welfare. This is a new age. There are new facts. There will be a new look.
