

CHAPTER 2

MORE PEACE—MORE CONFLICT

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It is a great pleasure to participate again at a meeting of the Academy. For me, this seems to happen every 14 years. In 1947, I was one of the small group of founders: Carl Schedler was the initiator; Ralph Seward was our first president; and Bill Simkin, Whit McCoy, and I were the initial vice-presidents. That was during the period of the great postwar wave of strikes, and all of us were then concerned with the urgent cause of industrial peace. Now, 28 years later, the cause of industrial peace is no longer so urgent; in fact, the achievement of industrial peace to such a substantial extent is one of the great success stories of American society. And the Academy has also come a long way—from a small club of friends and working colleagues to a highly respected professional association.

My last participation on a formal program of the Academy was in 1961 as speaker at the concluding banquet at the meeting in Los Angeles. There was then much talk of the “crisis” or the “coming crisis” in industrial relations. A number of leading observers were convinced some kind of upheaval was in prospect, although they saw quite different reasons for it. I disputed this, saying there was no crisis and would be none, that industrial relations had never been in better condition. But I did suggest three long-term trends, each of which is stronger today than it was then: (1) the broadening of coverage of formal, and particularly of informal, collective bargaining, beyond wages, hours, and working conditions to greater joint attention to the development and the welfare of the industry—more industrial collaboration and even less class conflict; (2) a rising national interest in the terms of the bargains made, as, for example, in the impacts of contracts on inflation and on affirmative action; and (3) more tri-

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partite involvement, whether of government representatives or private third parties, partly as a result of the first two trends and also of the general increase in the complexity of collective bargaining. Each of these trends is still unfolding.

Now, in 1975, my remarks are under the seemingly contradictory title, "More Peace—More Conflict"; not "more peace or more conflict?"—but more of both and how we may have more of both at the same time.

Industrial relations is now at the very solid core of American society. It has recently become an element of stability in the midst of the greatest combined inflation and unemployment our nation has ever experienced, and of much else of an unsettling nature. Labor relations here stands as a model, as against experience in many other nations, in its relationship to high productivity, to industrial peace, and to political stability.

It was not always so. Not so long ago, union-management relations were the single most upsetting force in the United States, resulting in bitter strikes and public controversies. During this period, Wight Bakke called for "mutual survival" as opposed to the then-so-frequent efforts at mutual destruction. The changes in the rather short life of this Academy have been enormous—from the end of the greatest period of industrial warfare to the beginning of the greatest period of industrial peace. This has been an amazing social phenomenon. There are many reasons for it: Government has made its contributions, particularly in the Wagner Act and the efforts of the War Labor Board in World War II; unions have matured, and there is less rival unionism; management is more sophisticated, less ideological, and its representatives are much more experienced; jobs are better, not worse, and worker satisfaction with jobs is high and still rising, with some exceptions; and mechanisms for dispute settlement are much improved, and there are many more competent arbitrators and mediators.

There are, of course, some present and potential pressures on this remarkably stable social system, particularly the current combination of excessive inflation and excessive unemployment and the prospective substantial turnover in top union leadership. But it is likely, although by no means certain, that these forces can be absorbed without a fundamental breakdown of stability.

Consequently, after a century of intermittent industrial conflict, roughly 1860 to 1960, one might speculate on a century of continuing peace, 1960 to 2060. But there is one very major caveat: the possible advent of the "steady state" or the "declining state." Industrial peace has been increasingly bought, in part, at the price of a rise in real terms of wages—at a rate of 2.5 percent a year in recent times, and at a lower rate in earlier times. Karl Marx was wrong in many of his predictions, but perhaps most of all in his prediction of "increasing misery" that would lead to class conflict and then to revolution; instead, there has been increasing affluence. It is easy to understand how Marx went wrong. He looked primarily at Great Britain after the Napoleonic Wars in the grip of a prolonged period of depression. Real wages did not rise much, if at all, and fell at times in some industries. Had this condition continued, Marx might have been right; but it did not continue. This does not mean, however, that the condition will never again occur.

We are much concerned today with the "Phillips curve" that seeks to set forth the trade-off between the level of unemployment and the level of inflation. Tomorrow, we may be concerned with a new type of curve that relates changes in the level of real wages to the level of industrial peace. This curve may turn out to have much greater elasticity than the Phillips curve seems to have. Instead of taking large increases in unemployment to bring small decreases in inflation, small declines in the rate of growth in real wages may bring large increases in industrial unrest. Whether or not this will prove to be true remains to be seen.

This is not to subscribe to the gloomy forecasts of Heilbroner, in *An Inquiry into the Human Prospect*,¹ who sees man undertaking a disorderly retreat to the caves without hope in either capitalism or socialism to save him; or Falk, in *This Endangered Planet*,² who sees the decade of the 1980s as a decade of "desperation," with further decline thereafter; or Barbara Tuchman, who suggests that we may be returning to a period like the late Middle Ages when the population pressed hard against available resources and technology.³ Were these authors correct in their

¹ Robert L. Heilbroner, *An Inquiry into the Human Prospect* (New York: W. W. Norton, 1974).

² Richard A. Falk, *This Endangered Planet* (New York: Random House, 1971).

³ Barbara Tuchman, "How Will History Judge Us," Charter Day Address, University of California, Berkeley, April 4, 1974.

outlooks, then, in one generation we would have gone from the revolution of rising expectations, as it was called, to unexpected declines.

I do not think that these extreme visions are at all likely prospects for the foreseeable future in the United States, but there are long-term dangers in the growing scarcity of some raw materials, the rising population, the increase in governmental regulation, and the decreasing "addiction" to work, among other factors. It is unlikely that we can keep raising real wages at 2.5 percent per year forever. And this raises the question of whether industrial peace can be bought indefinitely at a lower price. It is a sobering thought that the mythical Golden Age that man has looked for so long and so hard in the distant past, or has hoped for in the near future, may be here and now in the unsatisfactory present.

Some nations now face a situation of comparative or even absolute decline. In 1900, the United Kingdom's per-capita production was the second highest in the world and 90 percent of the U.S. level. Today, that figure is 45 percent, and the United Kingdom is surpassed by France, Sweden, West Germany, the Netherlands, and Belgium, among other countries—totaling 18 in all—and will be surpassed by Italy by 1980 and by Spain by 1985, if current trends continue. And industrial relations have deteriorated in the United Kingdom in recent years. As one indication, the number of man-days lost because of strikes has increased six times over during the past five years above the average level of the preceding 40 years. This may be just a short-term trend, but that seems by no means certain. Charles Carter, a leading British economist, viewing these and other trends, has written about "future darkness" in the United Kingdom and the possible end of parliamentary government.⁴

Argentina, Uruguay (earlier called the Switzerland of Latin America), and Chile were all once comparatively wealthy. But their economies stagnated, and industrial and political conflict has ensued. Per-capita income in Uruguay has fallen steadily over a 20-year period, and that nation is now beset with urban guerilla warfare.

⁴ Charles F. Carter, "Future Darkness," *Science and Public Policy*, Journal of the Science Policy Foundation, 1 (June 1974), pp. 99-100.

These may all be advance warnings for us that progress is easier to handle than stagnation. Thus, major questions for the future may be: Will the rise in real wages fall below 2.5 percent per year? If so, how far and how fast? And how well will we adjust to these changes? There will be enormous future pressures for more equality of opportunity, in any event. Under the condition of a declining rate of increases in real wages, these pressures would be greatly elevated in intensity. Equality will be a very great issue both inside and outside collective bargaining agreements. We may be moving from the Century of Growth into the Century of Equality, with China, not America, as the new ideological superpower.

A few moments ago, I spoke of the possibility of a century of industrial peace between unions and management. The above major caveat aside, the impacts of a steady or declining state, it does seem quite possible that the century of 1960 to 2060 may be more peaceful than 1860 to 1960. Of course, there may be many unforeseen developments. But relative industrial peace may be here to stay awhile—in the sense of peace between unions and management as organizations. This is the “more peace” of my title.

The “more conflict” refers to the possibility of more attacks against unions *and* management as joint partners in the industrial establishment. These attacks are coming and are likely to keep coming in greater volume from several sources, and increasingly the combined establishment of management and unions will be engaged in joint defense against attacks from such groups as:

- Consumers—for example, Ralph Nader’s organization.
 - Citizens groups—for example, environmentalists.
 - Those who have suffered discrimination—for example, women, members of minority groups, youths. (A great unsolved problem, as in higher education today, is how to establish effective machinery to settle disputes both among those who want to get into industry and between such groups and those who want to keep them out.)
 - Newly hired employees—for example, those opposed to seniority rules. (Persons now get in largely on the basis of assumed merit, but stay in on the basis not so much of merit, but of seniority. Thus, the rules for “getting in” and “stay-
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ing in” are quite different, and both sets of rules are being attacked by those who favor group quotas.)

- Individual employees—for example, those opposed to routine rules on hours of work, on retirement plans, and on other matters.

I should like to comment on two of these attacks. First, I recently served as chairman of an OECD Commission on Education and Working Life. I was struck by how, in so many industrial countries, youths are rejected—by employers, by unions, by families, even by the military; by how many of the rules, ostensibly designed to help the young, are really against them; and by the potentiality of many individual, and even some mass, explosions as a result.

Second, I noted a reaction against the control of the individual by organizations, including the union-management establishment. The past century was the century of the “common rule” set by unions, by management, by government, in the process of “bureaucratizing” relationships. The next century may be the century of individual choice. The labor force was once made up of the uneducated, then of grammar school graduates, then of high school graduates, and now, increasingly, of those who have attended college. World War I was fought by grammar school graduates, World War II by high school graduates, and the Vietnam War by some who had attended college. The rising educational level of the population has had a major impact on the conduct of the military services. It has had and will continue to have an impact on industry as well. Through the mass media, as an additional factor, there is greater awareness of comparative opportunities and of how other people live. For these and other reasons, there is less acceptance of authority, less acceptance of routine rules. No longer can the college, management, or the union stand *in loco parentis* to the extent that they have in the past. There is more of a tendency to fight both “bosses” (management and the union), and less loyalty to either. There is also less attachment to the idea of work.

What can be done? I have an impression that many employers, more in Europe than in the United States, but here also, are feeling the “winds of change” blowing in their faces. They feel caught with their vested interests in property and power and historic arrangements. And many unions too, again more in Europe,

feel caught with policies and ideologies that do not fit the new situation. I think these “winds of change” are blowing harder in Europe and Japan than in the United States because Europe and Japan are closer to Russia and to China, respectively; have more of a socialist tradition in their politics; have more remnants of a class structure, particularly in Europe; and have fewer “new” laborers to do the dirty work of society. But the winds are blowing here as well. There is even a subdued sense of fear of a new and uncertain world being born and of doubt about our ability to adapt to it.

I believe some of the directions of change are these:

- More equality of earned income (and unearned income also).
 - Fairer rules on entry into the protected preserves of the insiders, and on dismissal.
 - More options for individuals in their hours of work, vacation arrangements, job duties, and retirement plans.
 - Better introduction for youth to the world of work.
 - Extension of private dispute-settling mechanisms within industry beyond unions and management to cover conflicts between outsiders and insiders and between individuals and authority; and beyond industry to disputes in the schools, the hospitals, government agencies, and the community at large. There is now less conflict within the union-management relationship and more conflict on its peripheries and outside of it. (The courts cannot handle all of the load now, and even if they could handle all of it well, the judicial process is too slow and too costly. Courts are better at setting principles and establishing procedures in test cases. Private mechanisms need to carry the bulk of the caseload if the whole dispute-settling process is not to break down with serious consequences. This is one of the great lessons to be derived from the handling of grievances in industrial relations.)
 - Better guidance to unions and management by third parties, whether private or public, about the directions of change and reasonable adaptations to it. This is a new dimension of mediation—mediating with and about the changing social environment.
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I should like to conclude on a note about the role of members of this Academy. More knowledge and skill in analyzing conflict situations and in resolving conflicts through persuasion reside in the members of this association than anywhere else in the nation. The members of this Academy were once involved, after World War II, in a highly innovative process that helped bring industrial peace out of industrial warfare. Now social conflict is taking new forms, and another period of innovation may be in order. Industrial society is still on trial, and is still subject to major changes. Evolution now takes place through new knowledge (with its impacts on skill and on technology), and through changing social structures and relationships. Few persons have a better chance than members of this Academy to see the process of social evolution at work and to aid its development in an effective direction. It seems to me that the Academy may, consequently, have a special opportunity to draw together experience with successful techniques in dispute settlement and to help train others in the use of these techniques; and further, that we may have been—a few major exceptions aside—too narrowly confined in our interests to union-management conflict alone and too little interested, as is true of nearly all professions, in introducing youth into our own ranks.

The membership of this Academy, I believe, can be even more of a national asset than it already is—a national asset within an ever-widening social scene, a great repository of experience and skill needed by American society. As in the 1930s and 1940s, when some of us began our endeavors, there may again be an historic period for pioneering efforts in the arts of persuasion to reduce the violence of conflict and to ease the course of social progress.