

## CHAPTER 2

### IS THE LABOR MOVEMENT ON THE RIGHT COURSE?

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In introducing me, Jim [Stern] neglected to tell you about my latest credentials. I am now an arbitrator of sorts. In 1986 the Executive Council of the AFL-CIO decided to establish an arbitration procedure by which, in any contested election of two or more unions trying to organize the same group of workers, unions could avail themselves of the arbitration process. Glenn Watts, former president of the Communications Workers of America, and I were named arbitrators.

You know how unions jealously guard their jurisdictions—more jealously than nations guard their sovereignty. The Executive Council unanimously agreed to proceed with this new arbitration process. It was established in March 1986. By the end of the year, we had heard five cases. In 1987 we heard 10 cases; in 1988, 13 cases. The step before arbitration is a mediation process. Over 40 percent of the cases are settled in mediation. I think the system has worked well. The unions have accepted it. The Executive Council reviews the procedure every February to see how it is working. The arbitrator operates within the criteria established by the Council.

I get a great deal of satisfaction out of this work. When you think of the savage campaigns unions have conducted against one another in this country in the past, certainly arbitration is the sensible, rational, civil way of handling these disputes.

Now I'd like to move on to something else I'm greatly interested in. It's the new labor-management meetings that are going on in the United States today. As you know, the new buzz word is "quality," not only in the manufacturing sector but also in the

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service sector. Sometimes there is a lot of confusion about exactly what that concept means.

It reminds me of a story about a woman who was shipping her dog from Chicago to Detroit. It was a German shepherd. When the dog arrived at the airport in Detroit, the baggage handler came up to the cage and saw that the dog lay dead. He alerted the customer service agent, who came out and looked at the dog. He said, "No matter how we try to explain this, we're going to be blamed. I'll tell you what we'll do. You get a Polaroid camera and take a picture of the dog, then go to the nearest pet store and buy a dog that looks exactly like this one and we'll substitute it. Then the owner won't know the difference."

So they took a picture of the dog, and before the woman was due to pick up the dog, they had plenty of time to carry out their plan. The agent warned the baggageman to get a friendly dog so that it would be wagging its tail when the owner came. Well, they got an identical dog, and when the woman came to get her dog, she was very perturbed. The agent said, "But, madam, we've taken very good care of your dog; see how he's wagging his tail." She angrily replied, "I know that's not my dog! My dog is dead; I was shipping it back here to bury it." Sometimes all attempts to cover up the real image don't do much good. So it is sometimes with the work we do.

Jim didn't mention one of the other responsibilities I have, teaching at the Graduate School at Columbia University, two days every other week. This is my third and final year. You can imagine that the students are conservative and have a dim view of the labor movement and an even dimmer view of labor leaders. Some of the faculty organized a seminar from four to six o'clock; they had a big turnout—about 250 students—and we discussed different matters for about two hours, such as the domestic economy, the international economy, questions of national and international policies, the relation between currencies (the yen, the deutschmark, and the dollar), arms control. At the very end a young man at the back of the room got up and said: "I have to admit that I had this stereotype of a labor leader, overweight, cigar-smoking, using a lot of profanity." And I replied: "Young man, you've just described Lee Iacocca." I've told that story so many times that I've got Iacocca telling it now.

Let me raise the issue today that lots of people are asking about, namely, is the labor movement on the right course? First

of all, we all recognize that the labor movement is not a monolith. There are great labor unions, there are mediocre labor unions, and a couple are quite bad. The unions that are on the right course, in my judgment, are those with leadership and membership that recognize the necessity, the inevitability of change. The task of unions is to bring about that change so that the workers don't have to accept a disproportionate burden of that change, so that the changes are made in a rational, civil, and compassionate way. I believe it is unions with leaders who have the capacity to change with events that are on the right course.

Of course, there are political risks involved with advocating change, but that's the price we have to pay. On the other hand, the protectors of the status quo, in my view, lack foresight. But they know that people and groups are comfortable with the status quo, and bringing about change is sometimes exceedingly difficult. Those for the status quo pander to those who do not wish to change. They are wedded to the past, creatures of habit, prisoners of history, and they approach each problem with an open mouth.

I hear people in my union, some of them my dear friends, say they yearn for the 50s and 60s, when we had a monopoly in the auto industry. They ask, "When are we going back to those times?" and I tell them, "Never, never, never!" It's a new world, a changing world. We're going to face ever more international competition, and we have to adjust to that inevitability. Those who say that we can go back to those glory days are either guilty of deception or they are fools.

What is this debate all about? And let me remind you that just because we have debate in our union doesn't mean that we have a fragile union or that it's going to come apart. If you have enough democracy in an organization, there is bound to be debate and discussion of issues, with the administration being attacked and ideas being attacked. Such debate doesn't mean that the union is a failure or is weak.

I happen to think that in the long run these challenges are healthy, and they will turn out that way for our union. In a democratic union there's always a mechanism whereby you can test new ideas—it's called an election. In our union in about three weeks from now, we'll have an election. Those who believe in the inevitability of change will win because they have the support of the membership.

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The debate is really about different points of view of two groups of people, both well intentioned. Those who call themselves the New Directions (I call them the Old Directions or No Directions) believe that the union leadership is being co-opted because they're embarking upon mutual programs with management called labor-management cooperation (at General Motors they call it "quality of work life"; at Ford they call it "employee involvement"). What these programs mean essentially is that companies, particularly large companies, are finally coming to recognize what I knew 50 years ago, that the women and men in the workplaces of America are intelligent and innovative, that they have a great deal of ingenuity. If you give them an opportunity to make a contribution, they will make a contribution.

Labor and management might have different motives for supporting these programs. I remember Jim McDonald, former president of GM, once said: "We have to change the way we work and we have to give workers a greater voice in the decision-making process and how work is organized, because that is the only way we can compete on an international level. That is the only way we can improve our quality and efficiency." From my point of view, I was in favor of the concept because I believe it democratizes the workplace. Workers feel good about themselves; they feel that their intelligence is finally being recognized. They have a greater sense of satisfaction, of achievement, of accomplishment. So, while we have different motives, we arrive collectively at the same conclusion—that these new approaches are a good idea.

There are several things that have to be considered when embarking on these programs. It has to be voluntarily entered into. You can't force-feed union people on a program like this; neither can you force management into it. In any human relationship between two persons or between two groups, the relationship is fragile and must be based on mutual respect and mutual trust. When one side or the other loses that trust and respect, the program is in jeopardy.

Much has been said and written about the NUMMI (New United Motors Manufacturing Corporation) plant in California. That is the joint venture between General Motors and Toyota. When GM ran that plant, they used to average 22 percent absenteeism. Obviously with that kind of absenteeism, shifting people

around to strange jobs to fill the gaps, they built a pretty lousy car. It was the worst car built in the GM system. But after the work force was reorganized under Toyota management, absenteeism was cut to about two percent. The car they produced, the Nova, was the best car produced in the United States, according to Consumers Union reports.

I was in that plant recently, and I want to assure you that there's nothing out of the ordinary about that plant. It doesn't have any unusual technology. In fact, there are plants in both Japan and the United States that are technically superior to the NUMMI plant. But the difference is that they handle their human resources better. The very fact that the workers' intelligence is finally recognized makes them feel good about their job and they perform in an extraordinary way.

I know that there are critics of this program and the programs at other plants. They say that the atmosphere is very oppressive at the NUMMI plant, that the work is very demanding. But a lot of those who criticize it have never been there. That reminds me of a story about a Columbia professor, with whom I was discussing this program. He finally told me what he thought the problem was. He said, "It may work out in practice but it'll never work in theory."

Most of the people who criticize this program, whether in the union or outside the union, have never been inside the plant. Those who support the new approach do not believe that union officers should be making the decisions for the members as to what is good for them. They feel that only the men and women on the line are entitled to make those decisions about whether or not to stick with the new system or to go back to the old system.

But at the NUMMI plant we have had two contracts ratified. The members have had the opportunity to go back to the old system with its multiplicity of classifications and other conditions. In each case they ratified the agreement by an overwhelming majority—in one case by 81 percent, in the other by 82 percent. That is the convincing argument that the new system is better than the old one. Maybe in the future they'll vote to go back to the old approach. I doubt it, but that's their right.

People also say that the union made a mistake when they granted concessions to the companies. But any concessions should be based on what the economics of the bargaining relationship dictate. You shouldn't give concessions when the company is prosperous, where there are no economic problems. And

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sometimes after you give concessions, you have to get them back. Recently the steelworkers got back some of the concessions they made earlier because the companies they deal with are back making a profit.

In the auto industry we made concessions for the first time in 1982. We had never done it before except with Chrysler. We went to the membership and got it ratified. Now in 1989 the opposition is still screaming about what we did in 1982. The UAW hasn't made any concessions since 1982. In 1990 we're not going to make any concessions because the economic facts don't justify it. GM made over four billion dollars last year; Ford made over five billion dollars. There is no justification for making economic concessions under those conditions.

But this wasn't the first time labor leaders have been asked to make concessions. Let me read a quotation from one labor leader:

All industries and all companies within an industry do not enjoy the same economic advantages and profit ratios. We cannot blind ourselves to the fact at the bargaining table that, when the employer prospers, we expect a fair share. When he faces hard times, we expect to cooperate. Many of our unions have foregone wage increases, cooperated in the improvement of production schedules, raised money for the purchase of new equipment, and helped the hard pressed employer market his product. Chrysler, American Motors, Mack Truck, Tool and Die Association of Detroit, and countless smaller companies, have benefited from the sensible decisions of the UAW membership to make the concessions required by temporary business adversities. Our basic philosophy towards the employers whom we meet at the bargaining table is that we have a lot more in common than we have in conflict, and that instead of waging a struggle to divide up scarcity, we ought to devise ways of cooperating to create abundance and then intelligently find a way to share in that abundance.

That quotation comes from a speech by Walter Reuther, president of the UAW, at the University of Virginia Law School in 1964.

That's part of our history, part of our tradition, but nobody paid any attention to it. With small companies that were marginal and hard pressed, we were doing exactly what we did with General Motors and Ford in 1982.

In addition to the joint action at the bargaining table, we're criticized for our joint committees. But to those who attack us, to those who say that we're being co-opted by management, I raise

the question about what committees they would like to eliminate. I'll mention just a few.

What about the health and safety committees? Would they like to do away with those? I remember what it was like when I was in the shop. The employer made all the decisions about what was safe and what was unsafe, what puts a worker's life and limb in jeopardy and what does not. The only recourse we had was to file a grievance. And by the time the grievance was resolved, someone may have lost his or her life or been seriously injured. I worked in a stamping plant, and they used to run the press on the hop, so that you didn't have to press any buttons. You had to feed in that metal and get your hands out of the way fast before that ram and die came down. I can't tell you how many times we had amputations. In 1973 we negotiated joint health and safety committees. As late as 1973 we were completely ignorant of the chemicals we were working with. We never knew what we were working with. Would our opponents like to give up the new system where we now have union professionals examining the safety of the workplace jointly with management?

We also have joint training programs. We have an absolutely equal voice on the design of the programs, how much money to spend on the programs. We're talking about \$150 million per year at GM, about a quarter of that at Ford, and a fifth of that at Chrysler. The committees jointly decide what programs are worthy of support and what are not. Would the critics do away with those joint programs?

And then we have substance abuse programs where joint committees determine how to handle workers afflicted with the terrible disease of alcoholism. I remember the days when those workers used to be discharged. It was practically revolutionary when the first decision came down in which the arbitrator had to decide the question of whether the grievant should be discharged or be treated as a person who is sick. Now we have joint programs.

We have joint employee assistance programs to deal with financial problems, family problems, any sort of problems workers may have, where assistance is available to them. Another program gives the union a joint voice as to the standard of quality. Obviously, if we can improve the quality of cars, that enhances the job security of the workers because we are then better able to compete in the international market place. We've

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been subjected to a lot of criticism on this program, which is hard to understand.

We're even beginning to address the problem of child care, a most pressing social problem. At the Chrysler plant in Huntsville, Alabama, a child care program has been initiated a quarter of a mile from the plant site. There are other similar child care programs at GM and Ford. In all of these programs the union has a joint voice. A new program has been established in Louisville, Kentucky, between the Ford Motor Company and the UAW, starting with handicapped people.

I would suggest that we have to call upon management to join with unions in areas that we can't control at the bargaining table. For example, companies ought to join with us to advocate that the government have a more forceful trade policy—one that better protects the jobs of American workers. I'm not talking about protectionism; I'm talking about fair trade. I could recite for the next two hours the lopsided, inequitable trade arrangement we have with Japan. I was on an advisory committee five years ago and listened to American businessmen recite a long litany of grievances they had with Japan because they couldn't market their products or even their services in Japan. Last year we had a \$55 billion trade deficit with Japan. The U.S. Customs Service just recently decided to classify utility vehicles as trucks. Light trucks had a 25 percent tariff under that ruling. But then the Treasury Department ruled that the Customs Service was wrong and overturned that decision. That 25 percent tariff might have enabled the American manufacturer to raise the price, but that's not the point. At least we could have used that tariff as a bargaining chip to get Japan to remove some of its restrictions, to give us some relief on the products they discriminate against. We should have a tougher approach in dealing with other countries to bring about fair trade.

Another area we could cooperate with management on is to change the health delivery system in the United States. Costs are escalating wildly. When you buy an automobile, \$700 of that price is the cost of health care for the auto workers and their families—a horrendous burden when you think about international trade and international competition.

We are spending almost 12 percent of our gross national product for health care in this nation. This year we will spend \$2,000 for every man, woman, and child. And if you look

around the world at expenditures for health care, you will find that Canada spends \$1,200 (40 percent lower than we); Europe, \$1,000 or \$1,100; Japan, \$750 or \$800. In addition, look at the problems we have in America with 37 million people with no health insurance at all. And what kind of care do we get for that huge expenditure? Our infant mortality rate is about 11th in the free world; longevity for women, 9th; for men, 14th. Even with these massive expenditures, we have inadequate care for most of the population. I'm not complaining about the ability of doctors. We have the best, most talented doctors in the world, the best hospitals, the finest technology. It's the delivery system that's not working. I hope companies will join with unions to find a different and better way.

A couple of companies are coming out of the closet on this. Chrysler says we have to find a better way, some national scheme. Ford agrees that we have to have a national program. GM hasn't said anything yet. The Bethlehem Steel-United Steelworkers recent settlement seeks jointly to find a better health care system. The problem is that people don't have faith in our government to get things done right. They believe that our government can screw up a two-car funeral. But the point is that government does deliver services for the benefit of all the American people and does a good job in some areas. Take the Social Security system as an example.

In Germany they had national health insurance in Bismarck's time (about 1883). Every single democracy in the world has national health insurance except the United States. It would seem to me that companies could endorse such a government plan. Even a group of 400 physicians has backed a plan similar to what Canada has. We ought to sit down and try to figure out the best and most efficient way to deliver health care to all the American people and do it in a much more efficient way than the present system.

We know that competition won't work, can't work, because the health delivery system does not have the discipline of the marketplace. The consumer makes only one decision—to go to a doctor. Then the doctor decides what drugs are to be prescribed, what and how many laboratory tests are to be performed, if the patient should go into the hospital, and how long that hospital stay should be.

I would hope that we can get together with the companies and advocate a new system. The health delivery system is un-

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manageable and is not serving our population well. We could come together from different motivations. Management doesn't want to be strangled by the increasing costs of health care. They have to do it for financial reasons. We, on the other hand, want to change the system because we believe that every man, woman, and child in the United States is entitled to health care, not as a matter of privilege, but as a matter of right—not some constitutional right but a right to be enjoyed in a democratic, caring, compassionate society.

Theodore White wrote about an experience with President John F. Kennedy, who was reluctant to take on a few issues which the labor movement thought he should address. In 1963 the President apparently was reluctant to take on too many divisive issues since he had been elected by a razor-thin majority in 1960. He wanted to wait until 1964, when he could be reelected by a landslide (and he would have been so elected) and thus get a real mandate from the voters. But we decided to have a civil rights march in 1963 over his objections. That was when Martin Luther King gave his famous "I Have A Dream" speech. At that time White said Kennedy had a visitor in the Oval Office, and he said to the visitor: "Sometimes you look back at what you've done, and the only thing you ask yourself is what took you so long to do it."

(Mr. Fraser consented to answer questions from the audience.)

*Question:* Isn't there a danger that management will use the quality-of-work-life program to frustrate union organization?

*Answer:* I believe they can if they want to. The essence of the QWL program is democratization of the workplace. The GM southern strategy was to keep the UAW out of their southern plants. One of the ways they did it was to initiate QWL programs where elected representatives acted on behalf of the unorganized workers. Some UAW representatives were opposed to these programs for that reason. They said that you can't organize in those plants, and GM was doing it to prevent our organization.

And this points up the danger that is always present with these programs. They must not be confused with the grievance machinery. A union must be on guard that they don't get frozen out. That can happen. That's why the program must be jointly developed. The union can't just sit by and let the company organize the whole program. In a couple of cases I know of,

when grievances could not be settled, the QWL committee took up the matter and they solved the whole thing. That, of course, undercuts the entire bargaining process, and the union has to guard against that. The union should exercise its voice in joint development of the program. They have to recognize the fine line between the grievance procedure and the QWL program.

*Question:* Do you think the forthcoming finalization of the agreement among European Economic Community nations is good or bad for the American union movement?

*Answer:* Europeans are also asking that question. In the United Kingdom they are looking forward to it. They anticipate a new view on a whole variety of social questions. But the German trade union movement is worried about the low wages in Portugal and Spain. We in the United States should be sitting down with management and discussing and planning for it now. We should have an agreement with the business community that competition should be based on technology, quality, ingenuity, management skills, engineering skills, market skills, and not on who can pay the lowest wages. If we travel down that road, you have seen the last of the middle class blue collar worker in America, and it will have a devastating effect on the economy. All of these things are in question, and I would hope that we would start discussing these issues now.