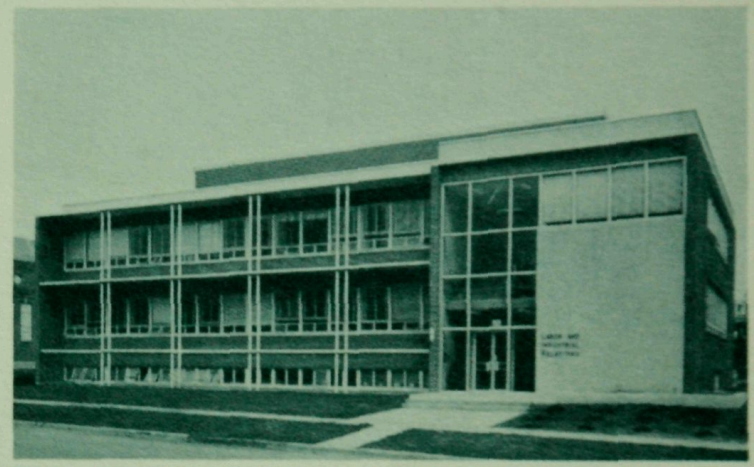
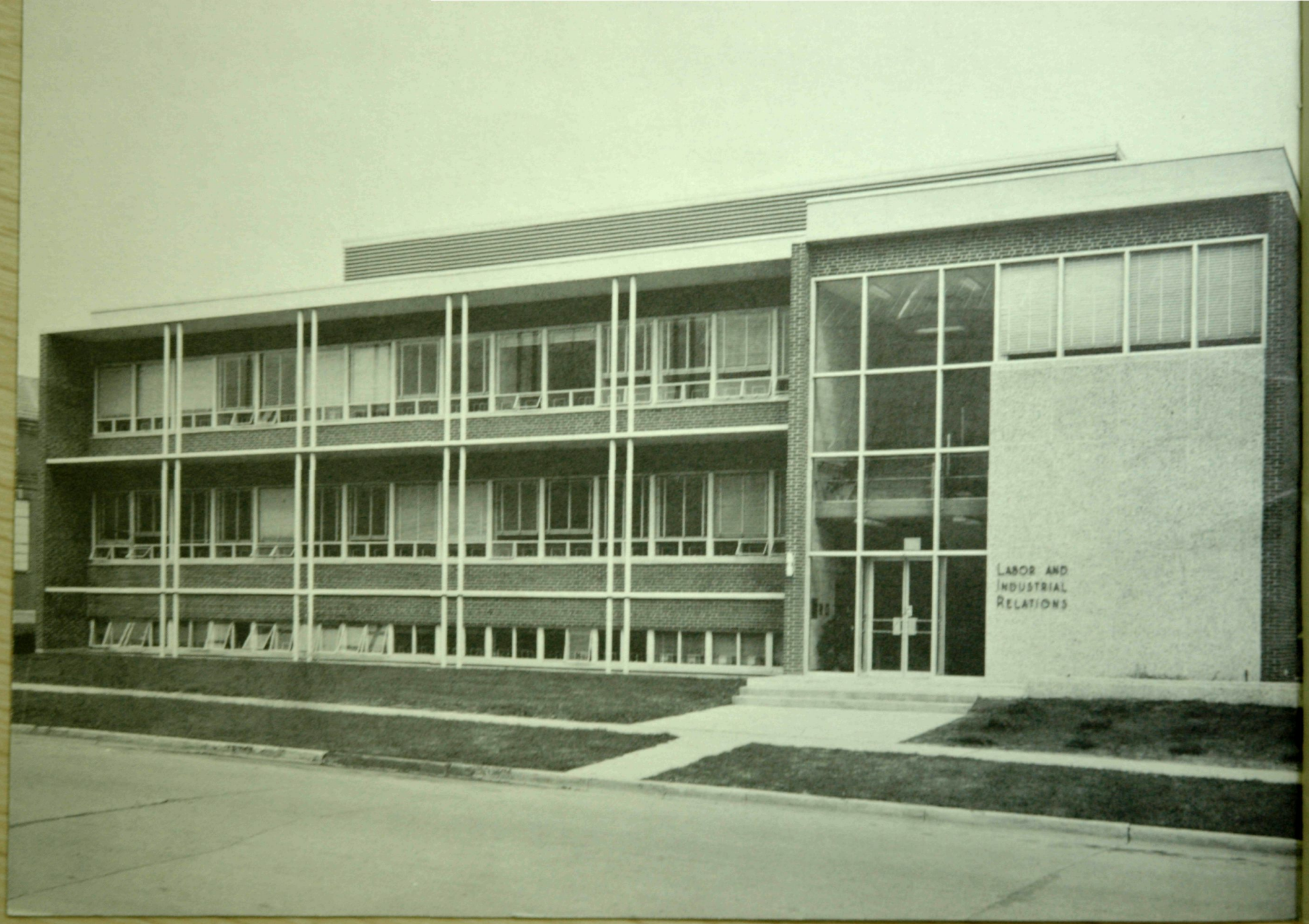
LABOR AND INDUSTRIAL RELATIONS BUILDING



DEDICATION

UNIVERSITY OF ILLINOIS · THURSDAY, NOVEMBER 29, 1962


LABOR AND
INDUSTRIAL
RELATIONS

FOREWORD

The new Labor and Industrial Relations Building at the University of Illinois was formally dedicated on November 29, 1962. On that occasion, Professor George W. Taylor of the Wharton School of Finance and Commerce, University of Pennsylvania, gave the Dedication Address, "Freedom and Responsibility in Collective Bargaining."

The Institute faculty, and others who had the opportunity to hear his excellent presentation, believed that the Address should be made available to a much wider audience — to students, other teachers and scholars, and labor and management practitioners who share Professor Taylor's interest and concern with public policy questions. The decision was made to reproduce the full text in printed form. The result is this booklet which includes, as well, a brief summary of the Institute's history and of events leading to the construction of the new building.

For those of you who were present for the Dedication program, the booklet will be a memento. For those who were unable to hear Professor Taylor, the booklet will provide some of the highlights of the day.

MARTIN WAGNER, Director
Institute of Labor and Industrial Relations
University of Illinois

FREEDOM AND RESPONSIBILITY IN COLLECTIVE BARGAINING

At this high moment in the history of the Institute of Labor and Industrial Relations, all of you who have been associated with its program must feel great personal satisfaction. A fulsome respect for the work of the Institute and for its faculty is epitomized in this new building, and especially in the support for it extended by unions and companies of the community. It is a privilege to share with you the satisfactions of the day on which this building becomes dedicated to your future purposes.

There surely could be no more appropriate occasion for reflection about the ways in which scholarship may further assist the attainment of better understanding and the application of greater reason in labor and industrial relations. The word "scholarship" is deliberately chosen in preference to the word "research." In our field, "research" has come too much to connote the making of an isolated case study in which, all too often, the principal conclusion is the need for more research. The result may be of use as one factor in a local equation. Even that is unlikely if the only delineation is merely about a "something" that should somehow or other be "taken into account."

The broader responsibility of scholarship, it seems to me, embraces the development of conceptual bases essential for objective analysis. Insights should be created not only to give intellectual satisfaction in academe but to assist in dealing with the urgent economic and social problems that beset our country as the leader of the Western democracies. For this end the very sparse micro-economic theories which we have inherited should be filled out and brought up to date. Much needed is a bridge between macro-economics and micro-economics so that broad national problems can be phrased, and dealt with, with adequate regard for the decentralized decision-making processes that typify the private enterprise system. In this day and age, the right hand must be coordinated with the left hand; neither hand is ambidextrous.

For example, wage and price determinations are essentially private functions; any general guides that may be developed to reflect the national interest can most constructively be enunciated through the participation of private interests through institutional forms which enable them to participate. The soundness of these principles is attested by our own past experience in times of war emergency and also in every other

democratic country which has sought to achieve "a wage pause."

Institutional means for making a bridge between private and national economic programs are not readily at hand. Indeed, the nature of the problem in this area is yet to be carefully spelled and generally perceived. The great challenges in labor and industrial relations lie in such areas, or so it seems to me.

Our shortcomings were demonstrated, I believe, in the attempt of the Council of Economic Advisers early this year to provide, for private wage and price determination, guide lines deemed necessary to enable the government to discharge its own heavy responsibilities. No consensus about these guides was ever achieved in the private sector of the economy. That episode made clear, however, the limited extent to which business and union leaders, at this time, are ready to consider limitations upon their private sovereignties (i.e., voluntarily to accept responsibilities in the public interest) as a means of assisting the attainment of national goals. Yet, these goals are important to the well-being of all of us and the "public" has been quick to assert its interests, e.g., in recurrent demands for compulsory arbitration of labor disputes. Some of the arguments against what is termed "unwarranted government instrusion" have been so self-serving as to raise the question of whether there is, in some quarters, a careless insensitivity to the needs of the nation in perilous times.

Are such questions, highly controversial but vital, a proper subject for the scholar whose field is labor and industrial relations? I realize that many of those with whom we work may object even to an enunciation of the questions, but suggest that the obligation of the scholar transcends that consideration.

More than semantics is thus involved in the distinction made between scholarship and research. There is another aspect of the distinction and it is related to what has just been suggested. As field for scholarship, labor and industrial relations cannot be conceived as a self-contained discipline, i.e., as a closed system of thought, inductive or deductive, pursued within an amputated part of the world at large.

We are not alone among students of the social sciences in employing a special nomenclature and in developing particular techniques of writing for each other. Some years ago a colleague, in a related field, was thoroughly agog over his new "break-through" theory which he proudly assured us could be understood by no more than six people in the entire world. Since they were all "economists," one could assume that the theory was rejected by at least four of the six who understood it. It had limited usefulness in a country where a general consensus about economic affairs has to be achieved. The reason is simple enough. Decentralized power in many private hands is sufficient to veto the assumptions and conclusions

of the scholar. An understanding of labor and industrial relations involves an appreciation of a world in which reason constantly vies with economic power. To have persuasive strength, an idea must be made intelligible to many people.

The matter is made even more complex by the fact that abstract reason alone cannot answer all the problems. A great strength of the enterprise system lies not just in the private right to make self-interest decisions, but to choose as between alternate objectives — for example, more leisure in preference to higher wages. The aim in a particular case may seem unreasonable, or even irresponsible, to others affected by it. And, indeed, private wage and price policies can inhibit the attainment of such national goals as full employment, rapid economic growth, and a balance of international payments. In view of the heavy obligations thrust upon this nation by world events, hard choices may have to be made as between freedoms and responsibilities. Since they have to be grounded upon a consensus, one constructive course of scholarship seems to be clear.

Analysis should, to the fullest possible extent, be made persuasive enough to induce restraint in certain uses of private power. The standard has often been met as, for example, in the development of arbitration of grievances which has almost universally supplanted the strike in one area of industrial relations. This was accomplished through voluntary agreements. Even a good idea tends to be weak and anemic until it is given muscle through acceptance by those who have to make it work.

Mediation is thus of central importance in labor and industrial relations. Considered in its broadest sense, mediation constitutes a major route for gaining a primacy of reason and the voluntary assumption of responsibilities. Much more exacting than arbitration, and far more fundamental, mediation is a subject to which scholarship should be more pointedly directed. A number of recent, well-publicized experiments should be categorized as part of the quest for more effective mediation. In this context these experiments have aroused general interest. In mind are the tripartite boards in the railroad and in the meatpacking industries which, it seems to me, have had successes largely in assisting a complete phrasing of issues. More positive results were obtained through a similar experiment in the New York transit industry a year ago. Those of us engaged in the work of the Kaiser Long-Range Committee are hopeful that further insights will be gained. Whether under private or public auspices, there are signs to indicate that "recommendations" of settlement terms in protracted and important disputes may well become an integral part of the mediation process, i.e., as a way to secure agreed-upon terms consonant with the public interest. This, too, is a highly controversial area but, in my judgment, it represents a significant new development

in the quest for ways and means of adjustment to a new environment. There is all the difference in the world between arbitration and the search for solutions which are acceptable to the parties of direct interest.

A major use of mediation, and of reason, in labor relations is to induce a disputant (or both disputants) to modify strongly held positions in his own self-interest. There is no other way of securing the essential agreement. Negotiation, with or without mediation, is central to our area of interest, especially as the limited usefulness of the strike as the ultimate step in the agreement-making system becomes more apparent.

Yet, either party can pursue a private objective on the basis of his private economic power and despite a contrary public sentiment. The risks in the enterprise system should not be minimized. The drive last year for a 25-hour work week in the New York electrical industry is an example. With full awareness of possible prejudice, I suggest that the 1962 dispute in the Aerospace Industry has similar elements of an unwillingness to restrain the exercise of private power. The central issue, not yet entirely resolved, has been over the demand of the U.A.W. and the I.A.M. for a union shop. Unless a state law has been enacted to the contrary, that is a permissible demand under the Taft-Hartley Act. Under that act, it is also legitimate for an employer to oppose the demand. Any persistent difference about the issue is resolvable by a work stoppage. The problem in aerospace was simply that this means of settlement could not be utilized because it was inconsistent with the national interest. Reason was thrown out the window, in some quarters, by those who seized upon this situation to assert an absolute right of an individual employee in California not to pay union dues. In passing the Taft-Hartley Act, Congress long ago rejected that very proposition for general application and, more recently, the voters of California chose in an election on the subject, to reject the same proposition. The function of mediation there, as I conceive it, was to fashion a substitute for the strike to settle a dispute in which each party has assumed permissible positions. This is why the President's Aerospace Commission, of which I was Chairman, recommended a secret ballot among all employees with a two-thirds affirmative vote being required to validate a union shop.[1] Other substitutes for the strike could conceivably be devised, but none was suggested.

One aspect of that case which is not on the record should be placed there. One would think that, if conscionable, an employer "defense" of what was set forth as an inviolable individual right of the employee

[1] It is significant that the Congress of the United States, in devising a substitute for the organization strike, specified an election among the employees, under government auspices, as an approved means of determination whether or not a union should be recognized by the employer for collective bargaining.

not to pay dues would not be too staunchly undertaken by any company which had seen fit to recognize a union with but an unimpressive minority membership as the exclusive bargaining agent for all employees. That subordination of individual rights not required by law, and doubtless contrary to the spirit of the law, might be understandable as a matter of expediency (i.e., to gain a contract bar against raids by other unions, or to secure the benefits of a no-strike clause in a contract), but scarcely as a position consistent with the defense of individual employee rights as a matter of strict adherence to high principle.[2] Here is a so-called kind of logic which is incomprehensible to me.

So far in this discussion an emphasis has been placed upon the responsibility of the scholar to deal with the realities of decision-making in a democracy where economic power is diffused and where, therefore, the attainment of common goals entails negotiated accommodation. This process would doubtless proceed more effectively if scholars would take the trouble to cogitate about the meaning of some of the basic concepts used in industrial relations. As one example, illustrative of many, consider how little attention has been given to this well-established phrase: "The union is the exclusive representative of all employees in an appropriate unit." Just what are the unions' representational functions? And, what criteria should be utilized for determining an appropriate unit?

In itself, the phrase presently identifies an area of conflict. About the representational function, chronic confusion exists as to whether the union should (a) press vigorously for an immediate satisfaction of all "demands" expressed by the employees (this can be a very long list) in order to avoid any subsequent charge of having made a so-called sweetheart contract, or (b) somehow impose restraints upon these employee demands lest there be an impairment of the competitive position of a company or an industry upon which the well-being of the employees ultimately depends; the employees commonly object to such restraints and management generally opposes, often for ample reason, the assumption by union representatives of any managerial role, or (c) impose additional restraints upon employee wage demands in order to avoid inflation and to help achieve an

[2] As respects this matter, it is interesting to recall certain remarks of Senator Robert Taft: ". . . if a majority want X as a bargaining agent, the right of the other people to bargain themselves or to choose their own bargaining agent is destroyed, . . . and so, when you go on to the union shop theory and say that you have to join the union, it does not seem to me to be nearly as important a deprivation as that which takes place at the very basis of the Wagner Act." U.S. Senate, Committee on Labor and Public Welfare, *Hearings, Proposed Revisions of the Labor-Management Relations Act of 1947,* 83d Cong., 1st Sess., April, 1953, Part 2, p. 717. The quoted comment was made with respect to a presentation on behalf of the Aircraft Industries Association.

export balance of trade sufficiently large to cover vast national commitments abroad so there will be no impairment of our gold balances.

The so-called union security issue continues to spark controversy, it seems to me, largely because of the confusion over the union function in our industrial society. The question of union status should doubtless be considered in relation to the responsibility which is assigned to the union except, of course, for those who believe that the very system of checks and balances embodied in collective bargaining should be eliminated. There are indeed very real problems about the relations between the individual employee and the union which represents him; the McClellan Hearings leave no room for doubt on this score. And, it is generally recognized that the regulations provided by the Landrum-Griffin Act were both necessary and helpful. However, the issue cannot adequately be epitomized by the term "compulsory unionism" which, in effect, abstracts out some of the most perplexing aspects of the union function question.

In the absence of adequate consideration of union function, and particularly of the matter of "appropriate unit," we have similarly been precipitated into strident arguments about the "monopoly power of unions." The ability of some unions to strike an entire basic industry is an unparalleled concentration of private power which can result in public emergency disputes. Also involved here is the so-called union-wide bargaining in which related industries are covered by basic negotiations elsewhere despite vast differences in economic situations. There is, however, another side to the coin. It appears that unions can have an unduly limited jurisdiction and, in consequence, cause a lot of trouble. This has been a contributing factor to protracted public emergency disputes in the airline and maritime industries. Moreover, as compared to the industry-wide bargains, it is probable that negotiated terms of employment have been less compatible with the expressed public interest in "restraint" where negotiations are undertaken on a fragmented basis with local unions. One would think that the whole question of concentration of power might better be approached by reference to the bargaining unit which is appropriate for dealing with the questions that have to be resolved. There are some very real problems in these several areas, but constructive dealing with them is not likely to be furthered if phrasing of the problem is left to the public relations man.

So much for the need to clarify basic concepts. An additional responsibility of scholarship, stated briefly at the outset, is the development of labor and industrial relations thinking not as a self-contained discipline, but as an integral part of the democratic way of life.

Someone with great scholarly insight once observed: "It is the eye that makes the horizon." A serious

malady of near-sightedness lies in that eye which does not perceive the looming of hard new choices to be made between private freedoms and social responsibilities. Adaptation to a new environment is our task as the United States grapples with explosive and extensive technological and economic changes and, at the same time, leads the Western democracies in the grinding struggle to maintain freedom in the world. The first half of the twentieth century is rapidly becoming ancient history. Someone recently said: "The wheel has had it."

The powerful new thrusts have already resulted in some refashioning of labor and industrial relations. Technological changes have entailed sweeping shifts in required employee skills and the displacement of many workers, at a time when unemployment at current rates is not tolerable. Nor should the pace of technological change be moderated if our industries are to remain competitive in world markets. A major trouble is that the claims for "equitable" shares in the greater productivity tend to outrun the increases. Employees who keep their jobs seek higher compensation in recognition of their contribution to increased productivity. Those employees who are displaced don't feel that they should be singled out to bear the costs of progress. Taking care of their equities is becoming such a costly proposition in some industries as to constitute a lengthy deferral of any gains to others from technological change. Management makes possible the technological changes and sees clearly the propriety of its claim for better profit margins in order to permit the further improvements that will keep a company competitive and thus contribute to greater economic growth. The consumer would like his share in the program, hopefully in lower prices, but certainly in stable prices. At the same time, public demands for improved social services — roads, schools and the like — are on the increase. In the face of all these vast expectancies, and despite all the emphasis that has been placed on increased productivity, the increases at best are not likely to be sufficient to go around. The forces that now converge at the collective bargaining table seem to me to be far more difficult to channel and to resolve than ever before.

There is, moreover, a growing evidence that the resolution of many of these problems entails a combined effort of the private interests and the government — the retraining of displaced workers, for example. New perspectives on collective bargaining are very much in order.

To an extent not heretofore experienced, except during shooting wars, a public interest has developed in the qualitative terms of collective bargaining agreements — in the effects of wages upon prices, in hours of work, and in work rules. These are no longer construed as entirely private matters if the evident news value of settlements is taken as a