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Introduction to *Collective Bargaining in American Industry: Contemporary Perspectives and Future Directions*

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**Abstract**

[Excerpt] Of course, collective bargaining in this country has always been an institution rich in diversity. The nature of each collective bargaining relationship came about through a variety of influences both internal and external to the bargaining process. The internal factors include such things as the ideology of labor and management, the way the unions and employers were organized, and the history of the relationship between the parties. The external factors include the state of the economy and the nature of the laws and court decisions that regulate bargaining practices.

 Nonetheless, this diversity has never been more in evidence than in the 1980s. The environmental forces mentioned above placed such strains on labor and management that bargaining in many industries was jolted out of the path it had followed since World War II. Different unions and employers responded to these pressures in different ways, however, creating more diversity than had been apparent for most of the post-World War II period.

This volume was designed with the intent of capturing that diversity. The eight industry studies illustrate the variety of ways in which bargaining is practiced as well as the diversity of forces and industry adaptations that have been reshaping collective bargaining in the United States. Thus, we present studies of industries in which collective bargaining is a well-established process (automobiles and agricultural machinery, for example) and ones in which it is not (higher education and police). We have a representative selection of manufacturing and services, private sector and public sector, white-collar and blue-collar bargaining.

**Keywords**
collective bargaining, labor, management, labor relations

**Disciplines**
Collective Bargaining | Labor Relations | Unions

**Comments**

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Introduction

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In the 1980s collective bargaining in American industry moved through a period of significant transition. The deregulation of several industries, heightened international competition, a serious economic recession, employment losses in heavy manufacturing, the shift in employment opportunities to the sunbelt states, the growth of white-collar and service occupations, and rapid technological change in some sectors were only some of the environmental forces that served to reshape collective bargaining in many industries. At the same time, union membership rolls dwindled (from 35.5 percent of the labor force in 1945 to 17.5 percent in 1986; New York Times 1987), employers redoubled their opposition to unions, which, according to one recent study, grew by “leaps and bounds” (Freeman and Medoff 1984, 230), and the political climate grew more conservative, further fueling changes in traditional bargaining practices in many industries.

Many of the largest American unions were on the defensive, and many union leaders had difficulty devising strategies to counteract the problems they were encountering. Over the years 1979–85 numerous unions made significant concessions to employers in their contract negotiations. In exchange for economic concessions, however, some employers granted unions rights and privileges they had not previously enjoyed. In some industries profit sharing became a part of the compensation system, while in others unions gained representation on company boards of directors. Some employers arranged for their unionized employees to become shareholders in the business, often through an employee stock ownership plan. Others granted unions an influence over their capital investment decisions and a role in making other critical decisions traditionally made exclusively by management. Many unions, urged on by the AFL-CIO, sought a voice in determining how collectively bargained pension monies should be invested. And finally, unions and employers in several sectors experimented with quality-of-working-life programs and with various participative schemes.

The forces reshaping collective bargaining in the United States over this decade effectively reduced the uniformity of practice and experience in labor-
management relationships. Those relationships are now so diverse that it is more inappropriate than ever to characterize the United States as having a single, more or less standard system of collective bargaining. At no time since the late 1940s have labor-management relations exhibited such a vast range—from harmonious, cooperative, and participative to hostile, conflictual, and intransigent.

Although generalizations about the current nature and future course of collective bargaining in this country are certainly possible, and probably necessary, our understanding of this important social institution can certainly benefit from detailed studies of specific industries. By this means, students, scholars, and practitioners can come to grips with the special and often unique characteristics of particular labor-management relationships. Accordingly, this volume provides eight studies, each describing and analyzing collective bargaining in a particular American industry. The book’s chapters serve as a representative cross-section of industries: automobiles, agricultural machinery, rubber, telecommunications, airlines, professional sports, higher education, and police. The volume concludes with a chapter by the editors that proffers a synthesis not only of the major trends and common themes that emerge from the individual industry studies, but also of collective bargaining in the United States in general.

Of course, collective bargaining in this country has always been an institution rich in diversity. The nature of each collective bargaining relationship came about through a variety of influences both internal and external to the bargaining process. The internal factors include such things as the ideology of labor and management, the way the unions and employers were organized, and the history of the relationship between the parties. The external factors include the state of the economy and the nature of the laws and court decisions that regulate bargaining practices.

Nonetheless, this diversity has never been more in evidence than in the 1980s. The environmental forces mentioned above placed such strains on labor and management that bargaining in many industries was jolted out of the path it had followed since World War II. Different unions and employers responded to these pressures in different ways, however, creating more diversity than had been apparent for most of the post-World War II period.

This volume was designed with the intent of capturing that diversity. The eight industry studies illustrate the variety of ways in which bargaining is practiced as well as the diversity of forces and industry adaptations that have been reshaping collective bargaining in the United States. Thus, we present studies of industries in which collective bargaining is a well-established process (automobiles and agricultural machinery, for example) and ones in which it is not (higher education and police). We have a representative selection of manufacturing and services, private sector and public sector, white-collar and blue-collar bargaining.
In some of the industries surveyed in this volume bargaining is conducted by one major union (for example, the United Automobile Workers in autos and agricultural machinery). In other industries several or numerous unions engage in bargaining (airlines and telecommunications). In some bargaining is highly centralized (professional sports); in others it takes place entirely at the local level (police). In some industries, collective bargaining covers the great majority of employees in the industry (autos), while in others only a minority of employees are covered by collective bargaining agreements (higher education). In a majority of the studies presented here employment is exclusively in the private sector. In one, police, employment is entirely in the public sector, and in another, higher education, employment is in both the private and public sectors. Most of the industries have workplaces with fixed locations, but in at least two—airlines and police—the workplaces shift location. In several of the industries outputs can easily be produced at a variety of locations in or out of the United States (autos); in others outputs have to be created where they are used (police and higher education). Highly trained and specialized employees are needed in some industries (professional sports and higher education), whereas workers can readily acquire the requisite skills in others (autos and agricultural machinery). In some of the industries producers engage in fierce competition (airlines, at least since deregulation); in others, employers are shielded from competitive market forces (police).

Given the diverse characteristics of these industries it is not surprising that unions and employers in them responded to the changes and pressures of the 1980s in markedly different ways. The first three studies in this volume are representative of traditional blue-collar bargaining—the so-called shrinking perimeter of organized labor. The automobile, agricultural machinery, and rubber chapters are excellent examples of manufacturing industries in which well-established collective bargaining relationships have been seriously affected by heightened international competition and recent economic recessions.

The automobile industry has long been considered a pacesetter in collective bargaining. Auto bargaining has been characterized by innovations in contract settlements, and those settlements have frequently exerted great influence on bargaining processes and outcomes throughout much of the unionized sector. Increasingly in the 1970s and 1980s the UAW and the auto companies grappled with the problem of foreign imports, especially from Japan, which had the effect of significantly reducing domestic auto producers' employment levels. Foreign competition and periodic economic recessions brought about union concessions on wages and other contract terms, but those concessions were accompanied by several innovative workplace experiments, many of which were designed to increase worker participation in shopfloor decisions and to foster union-management cooperation. Uniformity in auto contracts declined in the 1980s as the companies sought
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agreements better tailored to their special needs. But as auto contracts became less uniform, their influence on settlements in other, related industries, such as agricultural machinery and rubber, declined.

Labor relations in agricultural machinery were characterized in the 1980s by high levels of conflict and several serious strikes. This industry was especially hard hit by the collapse of the farm economy in the 1980s. Output and employment in the industry dropped precipitously, and one major producer, International Harvester, reorganized, dropped out of the industry, and adopted a new name—Navistar. In both the automobile and agricultural machinery industries, the principal union is the UAW. Traditionally, the bargaining strategy of the UAW in agricultural machinery was to model its agreements on those it had negotiated in autos. Pattern bargaining of this sort, however, diminished in significance in the 1980s. Interestingly, the workplace innovations adopted by the parties in autos have not, in the main, been adopted by the parties in agricultural machinery. Although adverse economic conditions moved the UAW and the auto companies toward greater cooperation, similar pressures in agricultural machinery prompted an opposite response from the UAW and the companies. The already adversarial nature of the parties’ bargaining relations instead intensified.

The rubber industry was also battered by the economic recession and foreign competition of the 1980s. Here, however, technological change—from bias-ply to radial tires—exacerbated the effects of unfavorable market conditions. The position of the union in the industry, the United Rubber Workers, was further undermined by the growth of domestic nonunion competition. Foreign producers, such as Michelin, opened nonunion facilities in the United States; and domestic producers, such as Goodyear and Firestone, shut down many of their unionized plants and opened nonunion plants in other locations. Other unions faced with serious membership losses have tried to recoup their losses by expanding into new jurisdictions, but the URW has made almost no attempt to organize workers outside the rubber industry. As in agricultural machinery, the URW also was influenced by the auto pattern in its settlements. But rubber is another industry in which pattern bargaining became less pronounced over the course of the decade.

The chapters on telecommunications and airlines illustrate the effects of deregulation on collective bargaining. In telecommunications divestiture—the breakup of AT&T—also had serious consequences for collective bargaining. For most of its history AT&T had maintained a virtual monopoly over long distance and local telephone services and telephone and telephone equipment production. Accordingly, the Bell system was closely regulated by government agencies. Gradually, however, technological advances undercut the corporation's control over telephone services. New companies, such as MCI and Sprint, began to compete in the long distance market; and other companies began to manufacture telephones, ending the dominance over
telephone production of Western Electric, AT&T's manufacturing subsidiary. At the same time, AT&T moved into the production of more sophisticated types of telecommunications equipment.

Finally, in the 1980s long distance telephone service was largely deregulated and regional telephone companies were separated from AT&T. Deregulation and divestiture made telecommunications a much more competitive industry but had serious consequences for collective bargaining. For example, the Communications Workers of America, the dominant union in the industry, had fought for many years to establish nationwide, centralized bargaining in the Bell system. In a formal sense CWA's goal was finally achieved in 1974. But the breakup of AT&T spelled the breakup of centralized bargaining in the industry. AT&T and the CWA had trouble adapting to deregulation and divestiture: in both 1983 and 1986 the union struck the company after contract talks had reached an impasse. In the late 1980s substantial uncertainty still clouded the future direction of collective bargaining in telecommunications.

For over 40 years the airlines industry was closely regulated by the Civil Aeronautics Board, a federal agency. The CAB controlled the fares the airlines charged, the routes they flew, and the entry of new carriers into the industry. But during the Carter presidency the CAB began to deregulate the industry. The early success of administrative deregulation led Congress to pass the Airline Deregulation Act in 1978, which had the effect, in the short term, of converting a highly regulated industry into a highly competitive one and the longer term effect of weakening unions in the industry. In combination with the effects of the economic recessions of 1979–83 deregulation placed unions in airlines on the defensive. As airline profits declined or disappeared, unions representing pilots, flight attendants, and ground personnel were forced to grant economic concessions to the carriers. Often those concessions included two-tier wage agreements that not only cut the salaries of the more senior employees but allowed the carriers to establish an even lower, separate pay scale for new employees. In the face of the new competitive environment some established carriers (such as Northwest and Republic) merged, while others (such as Braniff) went into bankruptcy. New airlines entered into competition with the older airlines, and some of the new carriers (such as People Express) were nonunion. An industry in which collective bargaining was once the rule became one in which the nonunion sector began to exert significant influence on labor relations in the unionized sector.

Professional sports, higher education, and police are also service industries, but in all three collective bargaining is a relatively recent phenomenon. For the most part the macroeconomic changes that had major effects on collective bargaining elsewhere in the 1980s were not factors that shaped bargaining relationships in any of these industries.

Collective bargaining in professional sports attracted much attention in
the 1980s, particularly because of serious strikes that interrupted playing schedules, in baseball in 1981 and in football in 1982. Professional athletes have been unionized for several decades, but overt conflict between the parties is new. The special characteristics of collective bargaining in professional sports distinguish it from the other industries examined in this volume, though not necessarily from other segments of the entertainment industry of which professional sports are a part. For example, in professional sports collective bargaining is used to set the minimum salary in a league, while salaries above the minimum are set by individual negotiations between players (and their agents) and owners, as is sometimes the case in the performing arts, such as screen acting and orchestras. Disputes over such issues as the reserve clause in baseball and free agency in all sports, the escalating salaries of players (especially in baseball), and drug testing of the players made headline news in the 1980s and served to heighten the tensions between players’ unions and team owners.

Higher education offers an example of collective bargaining by highly trained, skilled professionals—college faculty—who carefully guard their professional prerogatives. Although bargaining in public institutions of higher learning is generally regulated by state public sector bargaining laws, bargaining in private colleges and universities falls within the jurisdiction of federal labor statutes governing the private sector. Public sector bargaining statutes passed by states in the 1960s and 1970s served to promote collective bargaining by faculty in public institutions, but a key Supreme Court decision—Yeshiva—seriously eroded the bargaining rights of faculty in private institutions. Moreover, the bargaining power of college faculty in the 1980s was undermined by such factors as the financial distress suffered by many colleges and by the growing numbers of part-time faculty employed to teach courses. Since skilled white-collar workers will constitute a growing fraction of the labor force in years to come, the problems faculty unions have encountered in attempting to organize college professors have important implications for the future of the labor movement.

In the 1960s unionism among government employees, such as municipal employees, state employees, and public school teachers, grew rapidly. By the 1980s the percentage of public sector employees organized for bargaining purposes exceeded the percentage of private sector employees so organized. The experience of police officers and municipalities in collective bargaining demonstrates the special and often unique issues that characterize collective bargaining in the public sector. For example, bargaining by police officers is generally regulated by state and local statutes, as it is for other state, county, and municipal employees. Those statutes vary from one jurisdiction to another, differing on such issues as the obligation of public employees and employers to bargain in good faith, the enforceability of collective bargaining contracts, the scope of topics that can be negotiated by the parties, and the type of dispute resolution techniques used to settle impasses.
Police officers, however, are usually treated differently from most of their public sector colleagues. Police (and firefighters, too) are said to provide truly essential services to their communities. Although some states have granted other public employees a limited right to strike, none has granted police officers that right. No state statute tolerates even a short work stoppage by police officers, although, of course, occasionally an unlawful police strike does occur. A major issue, then, that arises in the study of police labor relations is whether collective bargaining can be genuine or effective in the absence of the right to strike.

In toto the industry studies included in this volume illustrate virtually all the salient trends in American collective bargaining in the 1980s. In assembling the volume we might have selected a different cross-section of industries that arguably would have illustrated those trends just as well, but we were guided in our choice by two additional criteria.

First, we sought contributors who were already engaged in research on an industry of particular interest, in other words, who were up-to-date and could provide fresh perspectives on their industries. Second, we did not want to duplicate unnecessarily industry studies already available in recently published journal articles and books. For example, one of this book’s contributors, Harry Katz, had recently published a well-regarded book on labor relations in the automobile industry (Katz 1985), but we thought it would be useful to have a chapter-length study of collective bargaining in autos, especially since it would give the author the opportunity to consider more recent developments in the industry. Another contributor, James Dworkin, had published an important book on collective bargaining in major league baseball (Dworkin 1981), but had not had the opportunity to pursue in print his interest in other professional sports. Other contributors had published more narrowly focused articles on their industries, and they welcomed the chance to integrate their knowledge of the industry’s labor relations in the form of a longer study.

One prototype for this volume is a book containing ten excellent industry studies, edited by Somers, that appeared in 1980. Although much has happened in collective bargaining in those ten industries since then, much of the material in the Somers volume is still valid and the book continues to be widely used. With one exception, airlines, we therefore decided not to replicate any of the industry studies contained in the Somers volume. In the case of airlines, deregulation had brought about so many dramatic and significant changes in the industry’s labor relations after 1980 that we decided a fresh study was needed. Still other recent books contain useful industry studies, and by and large the case studies included in those books are not duplicated here (for example, see Mills and McCormick 1985).

Each of the industry studies in this volume contains an interesting story about collective bargaining, and each can be read without the reader necessarily having any interest in the others. But clearly the editors and authors
have a larger purpose in mind. By reading all of the studies (as well as the concluding chapter), we hope the reader will gain some appreciation for the similarities and differences that exist across bargaining relationships and for the flexibility and adaptability of the institution of collective bargaining.

One important feature of this book should help the reader in this regard. A substantial effort was made to tell each of the industry stories using a single format. Presented in the figure here, the outline is a modification of the industrial relations systems model developed nearly 30 years ago by John Dunlop (1958). The collective bargaining system in any industry consists of several different interrelated elements. It does not begin in a vacuum, but rather in the context of certain facets of the environment: (1) the technological facets, which include the methods and machines used to produce the products and services of the industry, the technological characteristics of the jobs held by workers, the skill levels required by the prevailing technologies, and the pace and diffusion of technological change; (2) the economic, which include the state of the labor and product markets, the degree of competitiveness of the industry, the overall prosperity of the industry and the economy, and the financial or budgetary constraints that affect both employers and unions; and (3) the legal, which include statutes, public policies, court decisions, and administrative decisions that set the "rules of the game" for the producers in the industry and for the parties in collective bargaining and are in turn influenced by the other two environmental facets.
The environmental context can serve to encourage and foster collective bargaining, as was the case in the 1960s when the passage of public sector bargaining statutes by many states and the growth of government services (and budgets) promoted the spread of collective bargaining among government employees. The environmental context can also discourage or restrict collective bargaining, as was the case in the 1980s when foreign competition, recession, the introduction of labor-saving technologies, and judicial decisions favoring employers reduced the numbers of employees covered by collective bargaining agreements in many manufacturing industries. It is also worth noting that the environmental context not only influences collective bargaining but is, in turn, influenced by it. For example, high wage settlements in an industry may have a significant influence on the economic environment in which the industry’s collective bargaining occurs.

Another element of an industry’s bargaining system is the set of parties (or “actors,” in Dunlop’s terminology) that are the main participants. The actors, as shown in the figure, are unions, including the workers who belong to unions and their union representatives, and employers, including the owners of enterprises, their managers and supervisors, and professionals and consultants who may also play a role in the bargaining system. In nonunion settings workers may influence the rules of the workplace, but their influence tends to be indirect and informal. Collective bargaining, by contrast, is characterized by formal employee organizations and formal joint procedures for determining and administering workplace rules.

The environmental context and the objectives, needs, and desires of the parties determine the special characteristics of an industry’s system of collective bargaining. The actors establish a structure for bargaining, which needs to be compatible with the environmental context. In the figure, the structure of bargaining includes two subelements: bargaining units, which define the numbers and kinds of workers and employers covered by collective bargaining agreements; and pattern bargaining, which refers to the influence, if any, that some labor agreements have on others. Clearly, it makes a difference whether the bargaining unit is a small shop or an entire industry and whether an agreement in one relationship does or does not affect the terms of settlement in another relationship. In the 1970s the bargaining structure in many industries, especially in the manufacturing sector, was highly centralized; the key decisions were usually made at the company or industry level by top union and corporate executives. In the 1980s many observers noted that the changing environment had caused bargaining to become more decentralized—more centered on the shop, the plant, and the single employer (see, for example, Freedman and Fulmer, 1982).

Bargaining structure in turn helps shape the bargaining process. In the figure the bargaining process encapsulates not only the history of negotiations in an industry but also the substantive issues that are, or have been, of central concern in those negotiations. It also encompasses the administration
of contracts, including grievance procedures and grievance arbitration. Substantive issues are both the subject matter of the negotiating process and, when codified in a collective bargaining contract or in more informal agreements between the parties, the outcomes of the system. Wages, fringe benefits, hours of work, and working conditions have traditionally been the substantive issues of greatest concern to the parties. But in the 1980s the scope of bargaining in many industries expanded to include innovative workplace reforms that had not normally been part of the bargaining process in the past.

There is always the possibility that the bargaining process between unions and employers will not lead to peaceful agreement but to some form of conflict. The figure shows labor-management conflict as the last key element of an industry's collective bargaining system. Collective bargaining can be viewed principally as a means of reconciling the opposing interests of employers and workers, but that reconciliation may not be possible short of open confrontation, usually in the form of a strike. The placement of conflict in the systems format shown in the figure implies that it is primarily an outgrowth of the bargaining process. In the U.S. system of collective bargaining, strikes, lockouts, and other types of conflict are largely tactical in nature, used by the parties to obtain more favorable contract terms, and are not a form of social protest used to change the system itself or the environment in which the system operates.

In summary, the systems approach to the study of collective bargaining provides an analytical theory or model that is useful in comparing labor relations practices and experiences across industries. As Dunlop (1958, 3) said,

> The idea of an industrial relations system implies a unity, an interdependence, and an internal balance which is likely to be restored if the system is displaced. . . . Industrial relations systems show considerable tenacity and persistence. . . . An industrial relations system was developed at one moment in time. But an industrial relations system may also be thought of as moving through time, or, more rigorously, as responding to changes which affect the constitution of the system.

It should be noted that the systems format did not perfectly suit each of the industries examined in this volume. Thus, although we insisted that the authors follow the general outline of the systems model in their chapters, we also recognized that each author had to have the latitude to focus on the special features of the industry he studied—to emphasize some and downplay others.

Our insistence on use of the systems format gave rise in the planning stages of this project to a friendly, if perhaps arcane, academic debate among the editors and the contributors. The systems model has long been widely accepted by industrial relations scholars as a useful way to study collective
bargaining, but it is not the only model or approach that might have been used. In recent years some scholars have come to believe that the historically unprecedented changes that occurred in many collective bargaining relationships in the 1980s could not be adequately explained by traditional industrial relations theories and models. Some scholars suggested, for example, that the systems model was too static—that it was best suited to the study of stable, mature collective bargaining relationships. They sought new approaches that would enhance our understanding of the more dynamic aspects of collective bargaining. For example, one group of scholars proposed a "strategic" model of industrial relations, which they believed did a better job of explaining structural shifts in collective bargaining than did a pure systems model (Kochan, Katz, and McKersie 1986, especially 3–20). And at least one contributor to this volume maintained that a straightforward historical narrative of collective bargaining in his industry would be the best method of tracking the significant changes that occurred in collective bargaining.

The editors and the authors discussed these issues, considered the alternatives, and at last agreed (some more reluctantly than others) that a systems model still had great relevance and could accommodate the dynamic characteristics of collective bargaining in American industry. Clearly, however, the common use of a systems format throughout this volume does not resolve the larger debate. At the heart of that debate is the issue whether any person interested in industrial relations now has the means and the wits to understand the contemporary transformation of collective bargaining in American industry. In the end this is more than a scholars' debate because the ability to understand—and therefore to manage—this important social institution will have a direct bearing on the future welfare of workers and employers, and of the larger community of which we are a part.

References


