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HIGH SKILLS, LOW WAGES
AND AMERICAN UNIONS

by Marty Morgenstern

In June of 1990, a committee of experts issued a report called *America's Choice: high skills or low wages*. These experts tell us that we are facing an economic cliff — and the front line working people of America are about to fall off. If America doesn't produce more, incomes will go into a free fall with no end in sight.

Should We Take This Seriously?

Have we seen all this before: a sensational report full of scary facts and catastrophic predictions featured in headline grabbing press releases issued by an organization no one has ever heard of? Maybe a big name or two are attached to add authenticity, but then it turns out to be much ado about nothing. How do we know that *America's Choice* isn't just another false alarm?

The report was written by The National Center on Education and the Economy's Commission on the Skills of the American Workforce. Not a well known group it's true, but as it turns out one would be hard put to find a more credible cross section of mainstream corporate and union leaders, scholars from top universities, public figures and community and government leaders. Can all these smart people be dead wrong? Maybe, but some of our biggest businesses and public institutions don't think so. They have accepted the report's findings and taking action now.

How should unions respond to this report and all the activity it has generated? We may not yet know the full

answer but this much seems certain: *with leaders in business, education and government moving ahead to implement a plan that talks about upgrading the skills, responsibilities, working conditions and earnings of American workers as one of its goals, the labor movement must do something. If this train is about to leave the station, unions can either get on board or, if they don't like the train's direction, they can set about to derail it; but it would hardly seem prudent or wise for labor to ignore a locomotive that could be coming right at it.*

Here are a few of the findings and conclusions of *America's Choice*:

The Bad News:

- A dozen nations now pay wages above ours.
- Productivity growth in this country has slowed to a crawl.
- Wages for American workers are going down — 12% overall since 1969 — but for most workers, the figures are even worse.
- Our distribution of income is worse than any major competitor nation and our poverty rate is higher.
- Our school children rank at the bottom of most international tests and many countries have more of their youngsters in school than we do.

The Good News ???

America's Choice tells us that we can produce more, the country and its workforce can have a bright future, if

Whole Foods is a Texas based operation that recently opened a supermarket in a location that had formerly housed a union store. Whole Foods refused to retain any of the union employees. Instead they trained a new young work force and (without the formality of an NLRB election) announced that their own survey showed that the workers did not want representation.

The store has been picketed by the Food and Commercial Workers daily since it opened almost a year ago. Its response has been to publicize worker involvement and "team members" control over "productivity and reducing waste".

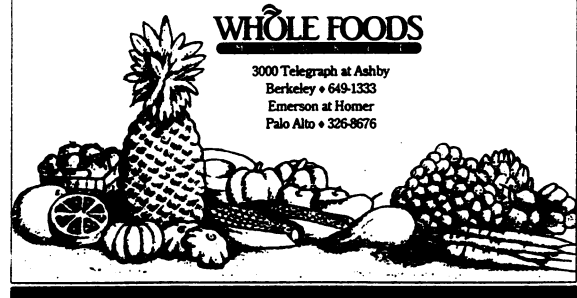
Berkeley is considered a forward looking city with pro-union attitudes. Whole Foods, even with all its "gain-sharing" and bonuses pays well below union wages earned other local supermarkets and refuses to pay for health coverage for employees' families. Despite these facts, so far the Whole Foods strategy has succeeded in keeping the union out and the doors open.

THE BEST TEAM WINS

You may have read stories in the local newspapers referring to "team members" rather than "employees" at Whole Foods Market. That's because we believe in a team-oriented approach to our business, one that directly involves our people in the management of the store and promotes a strong commitment to customer service.

At Whole Foods Market, decision making is decentralized among team leaders responsible for each area within the market. Each month, we have team meetings to share ideas, discuss suggestions for improvement, and recognize outstanding team members. And our unique form of profit-sharing, called gain-sharing, bases bonuses on activities that members have actual control over, like productivity and reducing waste, rather than overall profits.

We also share financial information about the store with every team member. So, all salaries are published, from the newest hire to the CEO. You see, we believe that for our team to win, everyone must know the score.



we move decisively to make dramatic changes in three areas:

- The way we educate our young people, especially those who fill the jobs that will not require college, 70% of our future workers.
- The way we train and retrain workers in the workplace; in current apprenticeship programs and crafts, and in the many industries and occupations that will be developing new apprenticeship or apprenticeship-like programs in the future.
- The very way we organize, or reorganize, work in the U.S.

To better understand and analyze the promises and problems posed by *America's Choice*, we need to examine these areas more closely.

Education and Training

The report says that we cannot build a high wage economy unless we better educate our non-college bound students, prepare them for their trades and ease the school-to-work transition. To do this would first require a restructuring of vocational education, and in California a

number of schools and educators are already moving in this direction. For example: occupational academies covering a variety of jobs and industries have been established in some high schools; in many areas 2+2 programs which integrate community college and high school vocational programs have been put in place; and the State Department of Education has awarded planning grants for restructuring vocational education formats in high schools throughout the state. Together, these activities represent a significant expansion of work-study and embrace structured forms of formal or informal apprenticeship on a part-time basis.

For work-study to work there must exist an infrastructure that formally unites the school and the workplace. Such relationships are now being developed between local schools and employers, and between the Department of Education and the California Business Roundtable. *America's Choice* calls for the establishment of Employment and Training Boards composed of company, union and public officials as well as community leaders, *but so far in California, labor has had little if any involvement.*

Leave It to Business?

It can be argued that an embattled and over-extended union leadership has little time to employ in local schools. If the business community, with its greater resources, is better able to accept this responsibility, let them bear the burden. After all, whereas almost all of these students will end up working for business, no more than 15% of them, under current conditions, will end up paying union dues.

These school-to-work programs are directed toward the 70% of American jobs not requiring college training, for the stated purpose of encouraging a high wage economy. They are intended for high tech industries, the health services, graphic arts, automotive, machine tool, financial services; indeed virtually every industry will eventually be targeted. They plan to bring apprenticeship concepts and methodologies to areas that do not now benefit from apprenticeship, and bring new apprenticeship ideas to crafts that already have union apprenticeship programs in operation. In some cases they are threatening to bypass the existing programs. The standards, requirements, conditions and job culture established under these school-to-work, or work-study, or apprenticeship programs, promise to have a telling effect on the earnings and working lives of most of America's current and future work force.

Under such circumstances can the labor movement afford to allow itself be excluded from the decision making process while business joins with educators and government in planning the restructuring of vocational education and job training?

Reorganize Work?

The above notwithstanding, the impact of *America's Choice* is hardly limited to vocational education or apprenticeship. If the report is implemented, the most dramatic repercussions may well be those affecting the way we organize and perform work in this country.

Today, most American workplaces adhere to a system pioneered by Frederick Taylor in the early part of this century. Under "Taylorism," complex jobs are broken down into a host of simple tasks which the worker learns to repeat with machine-like efficiency. Managers and supervisors plan strategy, implement procedures and changes, motivate and control workers and are responsible for solving all problems. They do the thinking; line workers are expected only to come to work reliably and follow orders, receiving no more employer training or education than their immediate tasks require.

America's Choice tells us that this is changing, especially in the nations that are out-producing the U.S. While mass production methods continue to put out a high volume of inexpensive goods and services, the world is today paying higher prices and wages for more customized results — quality, variety and responsiveness to a changing consumer. The workplaces that can best produce such results are organized very differently than are those that still rely on Taylorism. In the "high performance" organization, workers are asked to use judgment and make decisions. They will often assume responsibility for such tasks as quality control; scheduling (the plant's and their own); ordering supplies, parts and new equipment; changing production techniques — this list could go on and on.

These new work organizations must invest heavily in training, and pay levels tend to reflect the trained worker's greater value and irreplaceability. But layers of management disappear as front-line workers take on more responsibility and "the productivity and quality gains more than offset the cost to the company of higher wages and skills development."

The Trade-Offs?

The reorganized workplace promises skill development as the road to maintaining or achieving high wages, and perhaps even more importantly, the increased job security that should result from improved competitiveness. But are there trade-offs? Today, in a typical union shop, where both labor and management still accept Taylorist principles, the negotiated agreement will usually define everyone's job classification and limit the kind and amount of work expected of each employee. Workers can bid for carefully defined jobs knowing exactly what is expected of them and who the competition will be. Senior people will accumulate seniority in the better jobs they have worked their way up to. Under this system the union can usually prevent the employer from speeding up the work, selecting less senior or less qualified favorites for better jobs, or forcing out higher paid veteran employees. The union contract and its work rules play a major role in the protection of each individual's particular job and in the organization of the work.

The new system will usually employ "team" approaches under which jobs get broadly defined and soon most become interchangeable. Seniority tends to mean less as diverse classifications virtually disappear. The team members may work together to plan changes, but pressures and incentives for increased productivity can result in speed-ups no matter who designs the new system.

And if management listens to its employees at team meetings will the team eventually erode the role of the union? Without dues?

When management offers a new system that promises higher pay, increased job security, more authority and fewer bosses, how does the union reply? Will it be possible to obtain the benefits, yet avoid the pitfalls and keep workers organized? The answers may lie in cooperation, confrontation, the two in combination or none of the above. They may vary from one circumstance or employer to another. One thing seems certain, neither sitting back and letting employers do it their way, nor employing a "Just Say No" strategy, will constitute an adequate response. Like the training issue, workplace reorganization requires serious union attention.

Read this article over and you'll notice a lot of *ifs*, *ands* and *buts*, and a lot of references to where the report "promises" or "talks about" higher skills and wages. Will this nation really move dramatically toward a high performance workplace that delivers on these promises? No one can really say for sure. *America's Choice* points out that

so far only 5% of the nations companies have taken the high performance road. Furthermore there are firms that are into more training and responsibility for their employees but also determined to keep wages down and unions out (see "*Whole Foods*" sidebar).

The intent of this article is to demonstrate that labor has a huge stake in the decision as to whether or not this country moves toward a high skill economy and just as big a stake in how such change will occur. We can not be certain just what the future will bring. The recurring theme here however is that if the American labor movement is to grow — or even if it is to remain a significant force on behalf of American workers — active union involvement in any changes in the way we organize work and train workers is a an absolute must. In California many educators, captains of industry and leaders in government are already very actively involved in this arena. Differing ideas and interests will compete in the struggle to determine the ultimate direction our industries take. *Labor still has time to join the battle, but it seems quite likely that one day fairly soon, this opportunity will be gone.*

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