

UNIV
SHELF

LABOR CENTER REPORTER

C.2

Number 67
July 1982

LABOR RELATIONS AT THE CROSSROADS?

by Tom Janaskie

Severe recession, government deregulation, and fierce international competition have forced wage deceleration in what some believe will be a new period of labor-management cooperation. However, labor views management attempts to establish a union-free environment and its "take-away" approach to bargaining as a new kind of warfare. Further, the apparent anti-labor (or anti-worker) stance of the Reagan administration adds to labor's fears. Will labor relations develop radical change, or will there only be more of the same? Three speakers of distinguished but widely different backgrounds addressed this question at a June conference sponsored by the University of California Berkeley, Institute of Industrial Relations. This article summarizes their comments.

A Long Run View

Professor Clark Kerr, of the host University, defined his belief that labor relations will continue to evolve. In taking a long run view Kerr indicated that current changes result from (1) a vastly changed work force with higher education, (2) a population that has higher expectations for the quality of life, (3) increasing breakthroughs in new technologies, and (4) increasing international competition. He said that labor relations could move in four directions. First, the U.S. could develop an "inclusion model" with labor more effectively involved in decision making. This model would develop more complete protection for all employees whether unionized or not, and would manifest itself in work councils and labor courts. Second, the U.S. could stumble into the "conflict model" with the attempt by management to institute a union-free environment. Third, a "social partners model" could involve organized labor, business and government in planning efforts and in attempts to form a consensus. This model would include tripartite bargaining and the full acceptance of labor participation. Fourth, the U.S. could drift toward a "dual system model" with the private sector finding more labor peace, and the public sector exhibiting more conflict through aggressive bargaining.

Professor Kerr sees changes taking place toward all four models, but he said that the U.S. will move primarily toward the "social partner" and "dual system" models. In the very short term, conflict will increase with union busting, decertifications, and "take-back" bargaining; however, this will subside. In the long run we will have to move toward social partnership and an effort toward consensus building in a society which becomes more employee-centered and shows more concern for worker security and decision making. In an increasingly competitive international marketplace such measures will be essential for economic survival. However, in an ominous note, Kerr feared for the prospects of labor relations if the U.S. begins to experience negative economic growth. He thought our emerging pattern in that event would be increasing conflict.

A Reagan Administration Viewpoint

Malcolm Lovell, Under Secretary of Labor in the Reagan administration, stated that the time has come to reexamine collective bargaining and unions. Organized labor's fading position is due to a sluggish economy, a shifting labor force, and changing public views about the value of the labor movement. He said there will be four important developments in the future. First, from 1970-80, 23 million jobs were produced; however, from 1980-90, only half that many will be needed. The result will be **tight labor markets** which will benefit labor, especially black people, the young, and women. Second, though employment will increase, **technology** will threaten jobs in the form of robots and other new production processes. The functions of the workforce will shift from production to design and trouble-shooting. Further, the industrial base is already shifting from steel and autos to computers, services and newer industries. Collective bargaining will have to deal both with prolonged skill shortages and with layoffs in the traditional industries. Third, **international trade** is increasing and the U.S. will have to respond effectively.

Fourth, Mr. Lovell indicated his belief that **government regulation** has supplanted collective bargaining with respect to civil rights and health and safety in the workplace. He thought that the government should keep its priority role. But he suggested that unions should search for new roles. Instead of their

BERKELEY, CA 94720
(415) 642-0323

UNIVERSITY OF CALIFORNIA, BERKELEY
CENTER FOR LABOR RESEARCH AND EDUCATION
INSTITUTE OF INDUSTRIAL RELATIONS



OCT 7 1982

UNIVERSITY OF CALIFORNIA
BERKELEY

traditional focus on job security and wages, unions should now begin to concentrate on consensus-building. In this they could develop around the two major issues facing the U.S. in the future: (1) the labor force must be used more efficiently--and this includes eliminating discrimination, and (2) we need cooperation, not confrontation, in order to achieve economic efficiency.

Lovell briefly mentioned the need for retraining due to automation and reemployment due to plant closings, and thought that collective bargaining could play a role here. He cited the UAW-Ford contract as an example of labor-management cooperation to provide counseling, retraining and job assistance. However in the discussion period, Lovell said that the federal government should not provide retraining (other than general education in traditional school systems) nor mobility assistance. He feared the dependency effects of unemployment insurance, especially trade adjustment assistance, although he maintained the need for a basic safety net. He emphasized that the individual must face changing technology, and recognize the need, and bear the costs of retraining and relocation.

An AFL-CIO Position Rudolph Oswald, Director of Economic Research for the AFL-CIO, denied that labor relations are at a crossroads. In his view, labor-management relations depend on the economy, and at the moment we are forced to take "the bitter medicine of Reaganomics" and wait for the redeeming "invisible hand." What is different now with respect to the economy is that the federal government insists on pushing the country into a depression. Oswald described the chief policies of Reaganomics as follows: First, tax cuts bring benefits to the wealthy, so that they will invest, but the investments have not been forthcoming and the rich are getting richer. Second, budget cuts reduce programs which in the past have tended to balance the economy by redistributing wealth to the poor. Such programs include unemployment insurance, trade adjustment assistance, job training, social security, SSI, and public service employment. Third, regulations are rewritten specifically to gut such programs such as OSHA, civil rights and the Davis-Bacon Act.

Fourth, tight money dictates high interest rates, and housing is hit hardest. The rise in interest rates from 10% in 1978 to 16-17% in 1982, meant that a worker taking out a 30-year mortgage of \$50,000 would have to cough up an additional \$84,000. Monthly housing payments have risen from \$440 to \$660. Housing as we knew it in the past is now beyond the reach of most Americans, and this depresses construction, lumber, furniture, and many other industries. Further, high interest rates cause the dollar to appreciate against foreign currencies. A 25% increase in the value of the dollar will wipe out a 10% decrease in wages lost in contract "takebacks," and will still leave U.S. products more expensive on the international market.

Oswald said that recessionary difficulties require us to put our economy back to work, reduce interest rates, and allocate our efforts to production, not to corporate mergers and windfalls for the rich.

Conclusion Both Kerr and Lovell focused on consensus and thought that labor relations are at a crossroads; however, the directions of change and the means for attaining consensus which they identified were quite different. Kerr referred to an evolution toward social partnership which could be achieved through tripartite bargaining, labor involvement in workplace decision making, and better job security. Lovell spoke of the decline of labor unions and their need to search for new roles, especially in the effort to build consensus. He saw some continuing role for collective bargaining, but indicated that the individual worker would have to bear the brunt of retraining and relocation. Oswald did not see labor relations at a crossroads. He said the only change is that the Reagan administration is making titanic efforts to steer the country toward economic icebergs and potential disaster.

Perhaps the conference chair, Raymond Miles, summarized the conference best by paraphrasing one participant's comment: If labor is at the crossroads, it is waiting for a long signal light to change. What direction labor relations will take at this point in time is still quite uncertain.

-Tom Janoski

This article does not necessarily represent the opinion of the Center for Labor Research and Education, the Institute of Industrial Relations, or the University of California. The author is solely responsible for its contents. Labor organizations and their press associates are encouraged to reproduce any LCR articles for further distribution.