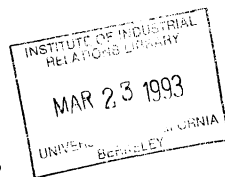


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THE ROLE OF STRIKES IN THE  
FORMATION OF WAGE NORMS

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Throughout the post-World War II period, there has been discussion of the role of "key" union settlements in influencing other wage decisions, union and nonunion.<sup>1</sup> In some cases, the discussion has been cast in terms of pattern bargaining or coercive comparisons. Other discussions, especially among those interested in macro-level wage determination, have referred to the more general establishment of wage "norms."

**I. Information and Wage Norms.** In this paper, while we do not attempt to sort out the alternative approaches (or even to measure wage norms), we do start with the premise that all such notions presume the existence of labor-market information. This information might be important for both nonunion and union wage formation. Note, for example, the significance often attributed in the literature to union wage rules such as "3% plus COLA" or to innovations in benefit systems during much of the post-World War II period.

Information is a necessary, although not necessarily sufficient condition, for wage norms to form. For events in lead decision units to affect potential followers, there must be information about what the lead units have done. If information channels become more limited, than the formation of wage norms (if such things exist) will be impeded.

**i. Strikes and Information.** One important channel of information about union settlements is the popular news media. The media will report on settlements if they are perceived as interesting to readers. Thus, media reports can be viewed both as sources of information and as an index of public interest in particular bargaining situation. Bargaining situations are likely to be thought especially interesting if they are surrounded by dramatic events. In particular, as critics of media coverage of the union sector are prone to point out, strikes often attract media attention. (Puette, pp. 35, 70)

Whether this possible focus on strikes in the media is "fair" or not to unions (or to management or to the collective bargaining system) is not an issue we consider here. We do note, however, that from the viewpoint of other

bargainers, strike developments and outcomes might well provide important information on the relative bargaining power of the two sides. And this information might be an indication of relative power in their own situations. Thus, it has been argued that the decision of the United Auto Workers union to terminate its strike against Caterpillar without attaining a new contract in 1992 could signal union weakness to General Motors in its 1993 negotiations with the same union. (Economist, 1992; Harmon, 1992) In short, strike developments have special significance for other collective bargainers. And for nonunion wage setters, strikes may simply attract attention to particular union settlements.

If strikes do attract media attention to settlements, and if there are fewer strikes, then there will be less information and any tendency for wage norm formation will be weakened. Alternatively, the decline in unionization or a drop in the perceived relevance of union activity for nonunion wage norm formation might have led to less media attention to union bargaining situations. That is our major premise in what follows. It is well known that major strike frequency declined in the 1980s, with the general perception in the industrial relations field that strikes are no longer as effective from a union viewpoint as they once were.<sup>2</sup> So - whatever the cause of the strike decline - there may well have been less information on settlements and, hence, weakened norms in recent years. Alternatively, the decline in unionization of the workforce (or other factors) might have led to less media attention to settlements in the 1980s, independent of the number of strikes. Certainly, there has been a decline in labor (union-sector) journalism in recent years.

ii. New York Times Coverage. To measure press attention, we use coverage in the New York Times of strike (and later certain non-strike) situations as a proxy. Our measure of Times' attention is the number of articles published devoted to the negotiation as gathered from the annual index published by the Times.<sup>3</sup> We recognize, of course, that the Times may not be a perfect proxy

for media information on labor negotiations and that there may well be non-media information sources available.

Unfortunately, detailed data on work stoppages ceased to be published by the U.S. Bureau of Labor Statistics (BLS) after 1981. Hence, we confine the situations analyzed to major stoppages involving 10,000 or more workers, as collected from annual BLS bulletins from 1949 to 1980, combined with more limited BLS reports thereafter gathered from press releases and Current Wage Developments.<sup>4</sup> The BLS bulletins provided brief descriptions of the strike, union(s) and employer(s) involved, its causes and surrounding events, its duration, and the number of workers. For the post-1980 period, we had to gather some of this background information from other sources.

Based on this information, a computer file of 742 major strike situations has been built from the private and public sectors, including names of unions and employers, industry code (SIC)<sup>5</sup>, number of workers (assumed to be positively related to Times' coverage), duration of strike in days (assumed to be positively related to coverage), and location of the dispute in or out of the New York area (assumed to be positively related to coverage).<sup>6</sup> We also sorted out interest disputes from rights and other disputes,<sup>7</sup> i.e., from what were typically short walkouts - sometimes wildcats - over grievances. The interest disputes were classified as "narrow" if they resulted in new contracts dealing with wages, benefits, or conditions, or "broad", if they resulted in some change in wages, benefits, or conditions even if a formal contract re-negotiation was not involved.<sup>8</sup> For purposes of this paper, we present findings using the broad definition of interest dispute.

Finally, we created a variable indicating executive or judicial federal intervention, e.g., through the creation of Taft-Hartley and Railway Labor Acts emergency boards or through actions under wage controls and guidelines. Such intervention was thought likely to increase Times' coverage.

**II. Data Analysis.** Table 1 presents summary statistics on the strike file. As can be seen, strikes involving large numbers of striking workers clearly have received more attention from the Times than others, even within our truncated sample (which excludes strikes with fewer than 10,000 workers). The mean number of articles per strike situation for strikes involving 30,000 or more workers was 25.5 as opposed to only 5.8 for those involving fewer than 13,000 workers. Federal intervention also provoked attention to the dispute by the Times. It was not uncommon for strikes to receive no coverage at all; 27% had no articles.

On the other hand, it does not seem from the table that there was a drop in Times' attention in the 1980s, independent of the number of strikes or strike characteristics. In fact, Table 1 shows that the mean number of articles per strike situation was higher in the period 1980-91 than in earlier years. Strike duration rose, a factor that could account for this seeming increase in attention. Mean articles per strike day was about the same in the 1980-1991 period as in the preceding decade, although somewhat below the level of still-earlier years.

**i. Multivariate Analysis of the Strike Sample.** Because the dependent variable, number of Times articles, is bounded from below by zero (and because many strikes - 27% - received zero coverage), ordinary least squares analysis is inappropriate. Thus, Table 2 presents a series of Tobit regressions explaining the number of articles published in the Times per situation. Equation (1) suggests, as expected, that the number of workers involved, the duration of the strike, federal intervention, and New York location increase the coverage afforded by the Times. Although there was a simple correlation between the presence of an interest dispute and articles in Table 1, when other controls are added the relationship turns negative and insignificant.

In order to examine the marginal effects of the independent variables for those strike situations which had a least one article, we performed the

**Table 1: Summary Statistics on the Major Strike File**

	Median Articles Per Strike	Mean Articles Per Strike
Number of Workers Involved:		
30,000 or more	12	25.5
18,000 - 29,999	3	8.1
13,000 - 17,999	2	7.8
10,000 - 12,999	1	5.8
Duration of Strike (days):		
43 or more	9	27.5
16-42	3	8.9
6-15	3	8.3
1-5	2	3.3
Manufacturing	4	11.4
Non-manufacturing	3	12.6
Interest Dispute	4	13.3
Other Type of Dispute	3	9.1
Federal Intervention:		
Yes	9.5	24.7
No	3	11.1
New York Location	9.5	23.5
Other Location	3	9.9

Time Period:	Strikes Per Year	Days Per Strike	Articles Per Strike	Articles Per Day
1949-1959	21.1	28.4	11.6	0.77
1960-1969	20.4	31.1	12.8	0.81
1970-1979	21.6	31.2	10.4	0.70
1980-1991	7.5	37.8	16.4	0.70
1949-1991	17.3	31.1	12.2	0.75

Note: The file includes 742 strikes involving 10,000 or more workers as reported in various documents published by the U.S. Bureau of Labor Statistics. "Articles" refers to the number of articles about these strikes which appeared in the New York Times. No articles appeared in 27% of these strikes. See text for data definitions and method of collection.

**Table 2: Tobit Regressions Explaining Articles Per Strike or Settlement**

	(1)	(2)	(3)	(4)
Size of Unit (000s of Workers)	.116** (.011)	.106** (.014)	.116** (.008)	.122** (.008)
Strike Dummy(a)		18.77** (2.33)		18.27** (2.30)
Duration of Strike(b) (days)	.256** (.020)	.248** (.029)	.287** (.016)	.262** (.017)
Manufacturing Dummy	4.14* (1.67)	.593 (2.04)	2.11 (1.22)	3.00* (1.22)
Interest Dispute Dummy	-.926 (1.91)	(c)	-3.58* (1.57)	-2.21 (1.56)
Federal Intervention Dummy	10.14** (2.99)	(d)	(d)	(d)
New York Location Dummy	17.53** (2.04)	9.91** (2.07)	13.02** (1.43)	14.65** (1.43)
Dummy for 1980-91	5.06* (2.42)		-7.32** (1.35)	4.47* (2.02)
Constant	-10.49** (1.88)	-19.80** (1.66)	-6.90** (1.48)	-25.77** (2.77)
No. of observations	742	546	1198	1198
Log Likelihood	-2590	-889	-3140	-3119
Period	1949-91	1980-91	1949-91	1949-91
Content	strikes only	strikes & non- strikes	strikes & non- strikes	strikes & non- strikes

(a) Dummy = 1 if situation was a strike; 0 if a non-strike settlement.

(b) Duration = 0 for non-strike settlements.

(c) All non-strikes and most strikes in the period covered are interest disputes.

(d) Data are not available on the presence of federal intervention in the non-strike observations.

\*Significant at 5% level.

\*\*Significant at 1% level.

Note: Standard errors in parentheses. Dependent variable is number of New York Times articles.



transformation outlined in McDonald and Moffitt. This transformation roughly halves the size of the marginal effect relative to the size of the regression coefficient. Thus, equation (1) of Table 2 suggests that for each 20,000 workers involved in a strike, the Times adds one article of coverage (if it would have covered the strike at all). Each incremental 8 days of strike duration adds an article. Federal intervention adds 5 articles. And New York location adds about 9 articles.

Despite the various controls, the impression garnered from Table 1 regarding propensity to cover strikes by the Times remains. Specifically, there seems to be no tendency by the Times to reduce its coverage of strikes in the post-1979 period. Indeed, the coefficient on the dummy for post-1979 is positive and significant at the 5% level. Thus, despite whatever decline there may have been in labor journalism and expertise, a strike of fixed characteristics provoked at least as much information flow in the 1980-91 period as before. If there is a wage norm mechanism, and if it is geared to settlements in large union situations, a change in policy with regard to strike coverage did not weaken that mechanism.

ii. **Strikes versus Non-Strikes.** Since strike frequency fell in the 1980s, there could have been reduced reporting of all union-management settlements, strike and non-strike. To the extent that such settlement outcomes go into the formation of wage norms, reduced strike frequency could have reduced the information flow, even if the strike coverage propensity in the media remained unaltered. To explore this issue, it is necessary to add non-strike settlements to the strike sample.

For the period 1980-91, we have added a "control" sample containing all non-strike settlements involving 10,000 or more workers reported in Current Wage Developments.<sup>9</sup> A total of 456 additional observations were included.<sup>10</sup> Contract duration for non-strikes was reported as zero. The presence of federal intervention has not been coded and, hence, cannot be included in

regressions involving the non-strikes. Equation (2) is a Tobit regression including a dummy for strikes. Even with control for duration, the dummy indicates that strikes received more coverage than non-strikes during 1980-91. Hence, there was probably reduced net coverage of union settlements due to the lower strike frequency during that period.

iii. **A Structural Break?** Since we do not have non-strike settlements for the period before 1980 in the sample, it is not possible to be sure there was no structural break in the 1980s. Even if there was no decrease in the propensity for the Times to cover strikes, it might have changed its practices regarding non-strikes. As our research progresses, we intend to add pre-1980 non-strike settlements to the sample. But at this stage we can only look at results combining all major strikes (1949-91) with non-strikes (1980-91).

Equation (3) shows the results of a regression with the entire sample of strikes and non-strikes and all possible control variables. The dummy for post-1979 turns negative, but this could simply reflect the presence of non-strikes in the sample in that period with their lower propensity to attract Times coverage. When we add a strike dummy [equation (4)], the post-1979 dummy is again positive. But this is more a confirmation of our earlier result on strikes only than it is proof of no tilt away from coverage of non-strike settlements. We expect our future research with pre-1980 non-strike data to clarify this point.

**III. Conclusions.** Wage norms - if they exist - depend on information. Often, such norms have been seen as emanating from "key" union settlements which attract substantial attention. Our analysis suggests that strikes are most likely to attract attention to union-management disputes, at least in the New York Times, our proxy for the media as a whole. Strike frequency fell in the 1980s and thus it is likely that less attention was paid to union settlements. To the extent they received less attention, whatever propensity there was to imitate such settlements probably diminished. Our evidence does not suggest a

reduced propensity for media coverage of strikes in the 1980s, despite other signs of decline of labor journalism. Because of limitations of our sample at this point in our research, we cannot be sure about the propensity to cover non-strike settlements.

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## Footnotes

1. The authors thank Seongsu Kim for research assistance and data collection.
2. For example, Feller (1992, p. 546) argues that because unions can no longer strike effectively, courts no longer feel compelled to grant finality to arbitration decisions (which may avert strikes).
3. We also have data on the number of front-page articles for each negotiation as a measure of the prominence of coverage which is not used in this paper. It should be noted that the articles include those referring to pre-strike negotiations and the post-strike settlement and aftermath as well as to those actually describing the strike in progress.
4. We use the word "strike" in this paper to refer to any work stoppage. It should be noted that with the discontinuance of BLS bulletins, it becomes much more difficult to assemble such files. For example, strike duration can only be determined by following monthly reports of the strike in Current Wage Developments until references ended. Strikes which petered out posed particular problems, since Current Wage Developments (now called Compensation and Working Conditions) stops reporting strikes if fewer than 1,000 workers become involved.
5. We have created detailed SIC codes for our file, based importantly on knowledge of the authors. However, in this paper we use only manufacturing vs. non-manufacturing.
6. By New York area we mean the dispute took place in the City or State of New York (even if other areas were also involved). In some cases we could not be sure if New York was involved although it seemed likely, e.g., strikes designated as occurring on the "east coast". Our coding separates these two categories but in this paper they are combined.
7. "Other" includes political strikes.
8. In the early years of the observation period, there were a number of spontaneous walkouts in which essentially interest issues were raised although a contract may not have expired.
9. The BLS definition of how many workers are in a strike situation differs from its definition of how many workers are in a wage settlement so there may be some discrepancy between the estimates for the added sample of non-strikes and the strike sample. BLS tends to clump striking workers from various groups together in its estimate of strike participation. But it generally follows actual contracts in reporting settlements. Thus, a construction strike may aggregate all the crafts but a construction settlement may include each craft separately.
10. All of the non-strike settlements are interest disputes by virtue of being reported in Current Wage Developments.