

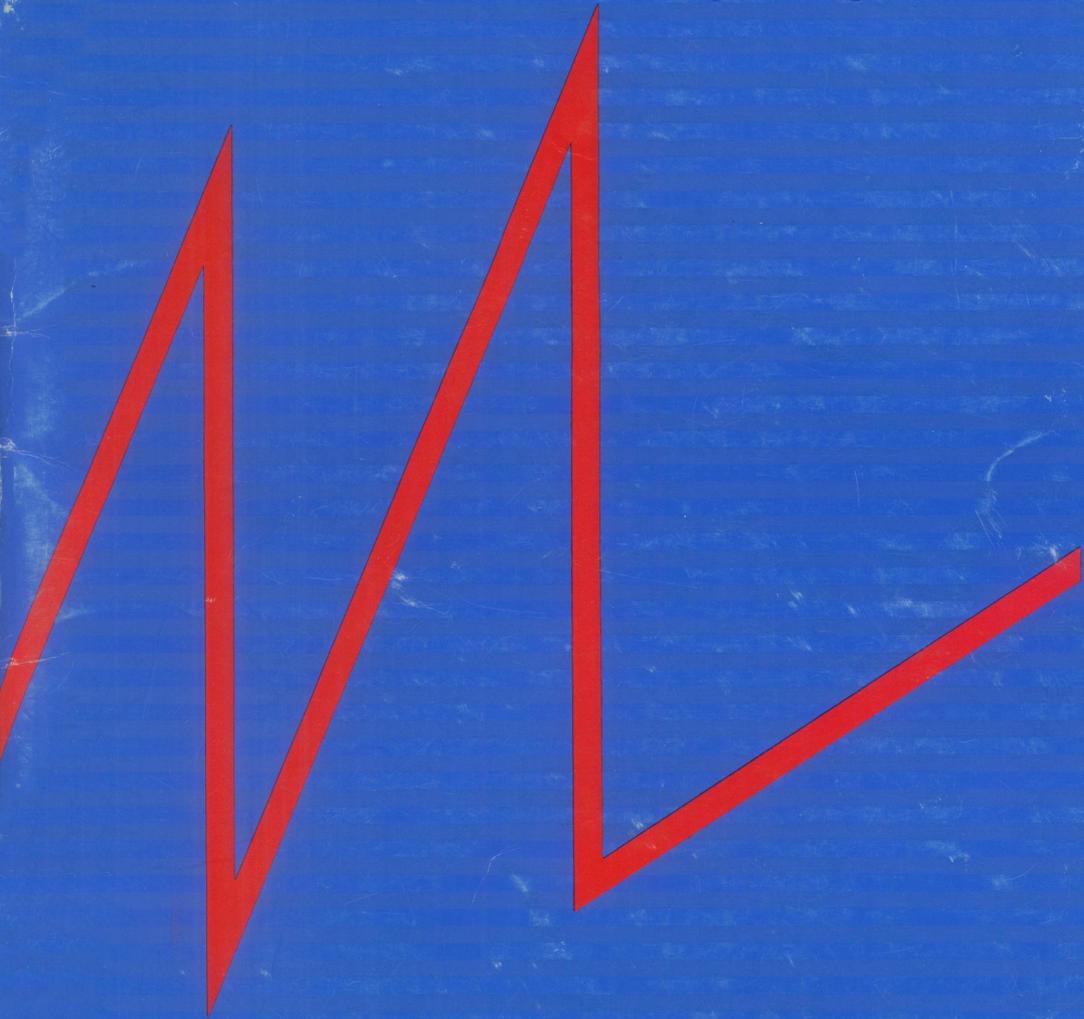
Labor Unions
(1940 folder)

NEW MANAGEMENT

THE MAGAZINE OF INNOVATIVE MANAGEMENT

VOL 3 ■ NO 3 WINTER 1986

The future of American Unions.



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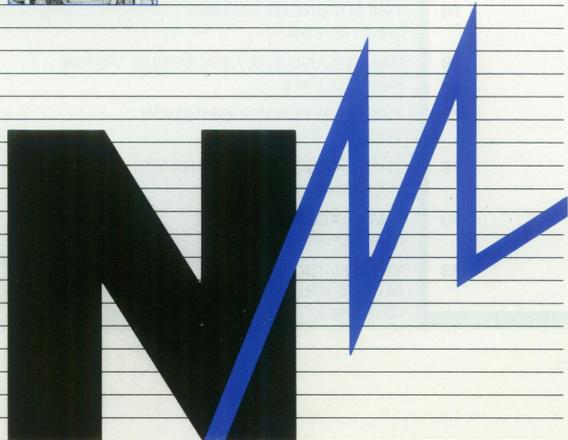
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(VOL 3 ■ NO 3 WINTER 1986)



THE FUTURE OF AMERICAN UNIONS



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Editorial

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THE FUTURE OF AMERICAN UNIONS**

The AFL-CIO's 1985 report, "The Changing Situation of Workers and Their Unions," has been hailed as signaling a sea change in trade union strategy, attitudes, and philosophy. Many have seen the report as an indicator that unions now appear willing to cooperate with management to maintain a competitive and fully employed economy and to promote industry-wide vitality and firm productivity. Mutually beneficial cooperation would appear to have overcome self-defeating conflict.

But does the future, in fact, promise a new day for labor/management relations, one in which leaders on both sides of the negotiating table will band together for the common good? To explore what the future may bring for the American trade union movement, the editors of *New Management* sent copies of the AFL-CIO report to eight of the nation's most knowledgeable observers of the labor scene. We asked this panel of experts to assess what the report says (and doesn't say) about the problems facing the beleaguered movement. Have labor's leaders owned up to the causes of the 50% decrease in the union portion of the total workforce? Have they developed a strategy that will lead to a revitalization of this once-powerful factor in the American economy and polity? *NM's* editors then sent the experts' assessments to three of the authors of the AFL-CIO report and gave them the last word.

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While the 11 articles that constitute this special section represent an extremely wide range of opinion, there is consensus on the part of the authors that many of labor's wounds are self-inflicted. Unions are said to have been slow to embrace such pro-worker ideas as employee participation in decision making and in stock ownership, slow to respond to the special needs of women and minorities, and insensitive to the values of younger workers. More, union work-rule rigidities have led to the disappearance of tens of thousands of union jobs.

The union response to the above is instructive. The consensus of our labor panel is that the barrier to cooperation is *mistrust*. As unions attempt to revitalize themselves, they fear that management seeks nothing less than their extinction. These articles illustrate why cooperation is much easier to advocate than to achieve.

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After having enjoyed considerable economic power and political influence during the half decade that straddled the middle of this century, the

American trade union movement has recently seen its membership decline (particularly as a ratio to the labor force as a whole), and with that slip has gone much of its former clout and prestige. Today, the movement is rather broadly perceived as moribund; more important, its function in society is seen as a mixed blessing—a necessary evil.

The movement is seen as necessary because it provides an essential check and balance in our pluralistic political economy. Without the countervailing power of organized labor—more precisely, without the unfettered *right* of workers to organize—employers would enjoy a monopoly of power which, as history suggests, would lead to unfair treatment of employees. Without question, workers in this country were exploited by unscrupulous (or, in many instances, shortsighted) employers before the advent of union power, as workers are exploited today by a monopolistic employer—the state—in the Soviet Union and its satellites where free trade unions are banned. Thus, as our own history demonstrates, and as the example of the underground Polish union Solidarity reaffirms today, unions contribute to the freedom, fairness, and effectiveness of an industrial system.

Significantly, this is the case even when union membership is either low or declining (or both, as it is in this country). Those of us on the business side of the equation must be honest with ourselves and admit that many of the most progressive changes that have occurred in

American workplaces over the last two decades have come about not as the result of employer benevolence or altruism, but out of the threat of unionism. The quality-of-work-life programs, safeguards against arbitrary dismissal, work sharing, profit sharing, pension plans, retraining programs, and the like in *nonunion* workplaces have frequently been instituted out of the reasonable expectation that these actions would dampen the desire of employees to organize. Indeed, it has been discovered by “enlightened” employers that the provision of fair wages, nonpaternalistic participation in decision making and in profits, a legitimate grievance procedure, and a modicum of job security will often defuse employee interest in unions.

There is a triple irony in all of this: First, the threat of unionism has improved productivity and organizational effectiveness by forcing reluctant managers to act in their own enlightened self-interest; second, unions—themselves having failed to embrace (or having had a late start in embracing) such pro-worker ideas as employee stock ownership and team self-management—have inadvertently made these ideas more acceptable to management; and third, unions can be as effective in achieving their ultimate ends when they are not officially representing workers as when they are! This final irony is of special significance, for it means that a trade union movement too weak to mount the threat of an effective organizing campaign ceases to be a prod at the posterior of all employers, and ceases to serve the necessary function of encouraging employers to treat employees fairly and to motivate them to increased productivity. In the long run, then, unions are not only essential to our democratic system, they

indirectly contribute to the productivity and vitality of the economy. That is why a healthy trade union movement is a necessity.

Let us now turn to why it is increasingly thought of as an evil. Perhaps no institution, save university faculties, is more resistant to change than the trade union movement. Many unions in this country were slow to respond to the needs of women and minority workers, slow to understand the values of post-Vietnam era workers, and slow to respond to the need for cooperation with business to meet the growing challenge of foreign competition. (To be fair, most employers were no better than unions on these issues.) And union greed matched corporate greed in the smokestack industries, where a combination of unjustifiable labor costs and a failure to reinvest in new technology caused many American products to be priced out of world markets, leading to the disappearance of tens of thousands of union jobs.

Moreover, union rigidity—on work rules, wage/job classifications, seniority, the use of part-timers, and the like—has frequently undercut the flexibility employers need to respond effectively to competitive challenges. While trade unionists (who have memories that elephants would admire) are quick to point out that it was the employers who started all this with the introduction of “efficiency experts” in the early part of the century, today the issue has changed. Most employer resistance in nonunion industries now centers over the issue of losing flexibility in human resources utilization. Indeed, that so many industrial employers are willing to pay at or above the union scale to keep their workforces nonunion is evidence that something other than bread-and-butter

issues is at play. Nine times out of ten, that issue is flexibility (and the related issue of adding an adversarial third party to a two-way relationship that seems more in need of a marriage counselor than a divorce lawyer).

Some cynical observers—most often those younger, better-educated men and women who are fortunate to reside in the clean-hands environment of the new knowledge-based industries—conclude that shortsighted manufacturing executives and shortsighted industrial union leaders probably deserve each other. But that is to miss the real function of adversarial relations in our peculiar social order. When the adversarial system works well—as it often does in law, politics, and collective bargaining—it provides a form of resolution to issues that are too fuzzy to be decided by simple recourse to rules or fiat. For example, when collective bargaining works well, it provides a practical answer to the theoretical question of the appropriate proportions of the payout to capital and to labor. Collective bargaining settles this issue to the greater satisfaction of both sides than would recourse to the curves of any economist. Even those of us (no doubt a majority) who would prefer to work in a union-free environment should recognize that our freedom and our dignity are enhanced by our (unexercised) right to organize. Indeed, it is worth noting that all of the authors of the articles that follow—including those critical of the AFL-CIO report on the future of unions that is the subject of this special *NM* issue—count themselves as friends of the labor movement on this critical score.



SPECIAL SECTION: THE FUTURE OF AMERICAN UNIONS

In February 1985, the AFL-CIO Committee on the Evolution of Work issued a landmark report titled "The Changing Situation of Workers and Their Unions." The Committee, chaired by AFL-CIO Secretary-Treasurer Thomas R. Donahue and composed of some two dozen of the most prominent American trade union leaders, was notable both for its candid recognition of the problems besetting the labor movement and for its wide-ranging series of recommended reforms. Among the Committee's proposals were the following:

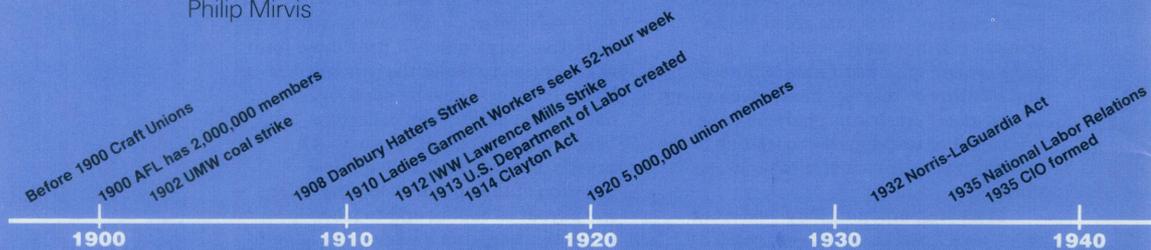
- *Make new uses of the concept of collective bargaining.* This includes developing new, more flexible ways of representing workers, with more

reliance on mediation and arbitration, and attending to such issues as pay equity for women and greater worker participation in decision making.

- *Establish new categories of membership.* This would make it possible for former union members, or workers who were outvoted in a union organizing drive, to have union-offered services and benefits, if this could be made available at a reasonable cost.
- *Use "corporate" campaigns to neutralize employer interference with attempts by workers to form unions.* This kind of non-workplace pressure, pioneered in the battle against J.P. Stevens, was found to be an effective means of convincing recalcitrant employers to recognize their employees' right to organize.

TRENDS IN LABOR

Philip Mirvis



1900-1925 At the turn of the century, collective labor power was one means of countering the strength of the "robber barons." Craft unions, such as the cigar makers' union (begun in the mid-1800s), were the early labor associations, and by 1900 many had joined the American Federation of Labor. Under the leadership of Samuel Gompers, the AFL's ranks swelled to over two million workers.

Private corporations were dominant. Businesses maintained property rights over their plants, equipment, and workforce. Organized labor worked to secure a "just price" for human effort. A 1902 coal strike, under the banner of the United Mine Workers, closed the mines for a summer. Teddy Roosevelt joined the arbitration, and a Presidential Commission arranged the settlement.

The Clayton Act of 1914 guaranteed that "the labor of a human being is not a commodity or article of commerce." It also limited the power of injunctions used in strikebreaking efforts to that date. Congress created the U.S. Department of Labor and introduced legislation limiting work hours and child labor, as well as protecting wage earners' rights. This legislation was resisted by business, and its passage was a sign of the growing power of unions. Women workers formed the Women's Trade Union League to educate women workers about their rights and to invite them to join the labor movement.

Conflict marked industrial relations. The Danbury Hatters began a strike and boycott, the International Workers of the World (the Wobblies) struck the Lawrence Mills, and the Ladies Garment Workers sought a 52-

hour work week. Government was by no means aligned with the growing labor movement. The Supreme Court ruled the Danbury boycott illegal and fined the striking hatmakers, police and militia attacked the textile workers. The garment workers did find accommodation with management and a joint labor/management committee set piece rates in the industry.

Early unionism had a political as well as economic focus. Eugene Debs, a leading socialist, had led the railway workers, and the Wobblies were advocates of worldwide worker revolution. Gompers resisted this revolutionary thrust and set labor's agenda squarely on job security and material well-being. By 1920 some five million workers were members of labor unions. LaFollette was labor's candidate for president in 1924.

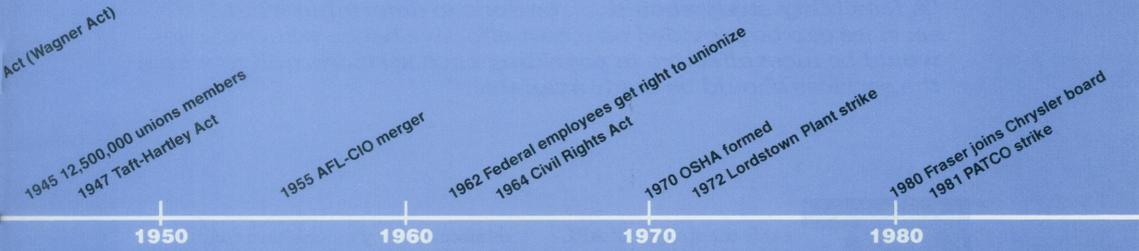
1925-1950 The Norris-LaGuardia Act secured labor's rights by ensuring that union recognition and collective bargaining were incorporated into the "recovery" codes of various industries following the Depression. When declared unconstitutional, it was replaced by the Wagner Act, which gave unions the same rights and established machinery, through the National Labor Relations Board, to enforce them. The Depression ravaged labor's rolls, but the recovery led to new organizing success stories.

John L. Lewis, envisioning unionism in industries, not trades, formed the Congress for Industrial Organization in 1935. First steel workers and later automobile workers formed under this banner. Labor interests were prominent in Roosevelt's Cabinet and legislation. Labor's agenda continued to be its traditional economic objectives.

Labor's ranks increased to 12.5 million by the end of World War II. The

- *Establish organizing committees to organize workers in a particular industry, geographic area, or company.*
- *Increase members' participation in unions.* For example, unions could increase the opportunities for members to meet national leaders and could devote greater resources to training potential local leaders.
- *Improve labor communications.* This includes training union spokespersons in media techniques, meeting with reporters to improve their understanding of unions, and examining the possibility of using advertising to improve labor's public image.
- *Improve organizing techniques by renewing the emphasis on organizing and increasing the resources devoted to training organizers.*
- *Facilitate mergers, which provide the best hope for many smaller unions to*

continue serving their members. While such self-criticism and self-reform coming from the contemporary labor union movement was unprecedented, many friends and critics of the movement were quick to claim that the report was good but not enough, necessary but not sufficient, a step in the right direction but unlikely to reverse the steep and rapid decline of union membership, power, and prestige. Thus, the issue was drawn: Is the union movement capable of self-renewal and revitalization? To assess the adequacy of the report—and indirectly to evaluate the future of the labor movement—we solicited the opinions of eight of the most thoughtful observers of American trade unionism. We then sent their insightful comments to three of the authors of the report, to whom we give the last words in the concluding pages of this special NM section on The Future of American Unions.



1950

1960

1970

1980

Taft-Hartley Act emphasized the role of mediation and the cooling-off period in collective bargaining. It also made secondary boycotts by unions illegal.

1951-1975 Labor expanded its agenda at the start of this period to incorporate social issues and increase political activities. George Meany promised labor's "full contribution" to the welfare of neighbor, the community, and the nation. He supported the Civil Rights Act of 1964 and championed anti-sex and -age discrimination legislation. The political action wing of the labor movement began to support political candidates at the local, state, and national level.

The AFL-CIO merger reunited the "house of labor" in 1955. A 1962 Executive Order by John F. Kennedy enabled federal employees to unionize; state and local unionization soon followed. Teachers, health care technicians, and other professionals became the targets of unionization in the next two decades.

Nonetheless, the ranks of labor decreased with the decline in manufacturing toward the end of this period and the rise of unorganized service and high-tech workers. The Vietnam War created cleavages in the alliance between unions and the Democratic Party, while pension fund investment scandals rocked the public's confidence in labor unions. Industrial growth in the South and West was accomplished without significant labor organization.

A labor strike at Chevrolet's Lordstown plant signified that new breed workers would resist mechanization of labor. In turn, a series of

"experiments" in U.S. plants, including the General Food's Topeka dog food plant and Harman Industries Bolivar auto supplier plant, demonstrates the economic payoff of involving the worker in decision making.

The adversarial labor/management model was joined by a more cooperative one. The auto companies and the United Auto Workers signed decrees allowing for joint labor/management committees; such committees are present in many Ford and GM plants today. Indeed, they are spreading throughout the industrial sector. Codetermination came to America with union membership on the corporate board of directors of Chrysler Corporation.

1976-1984 There are signs of retreat in labor's social and political agenda. The recession and deep declines in industry have caused labor to focus on protecting job security and ensuring equality of sacrifices. Wage "givebacks" and strong protectionist stances mark labor policy in the manufacturing sector. The mass firing of striking air traffic controllers limited labor's power in the public sector. Suits testing the merits of seniority versus affirmative action as criteria for job security have sparked clashes between white and minority labor representatives.

The movement toward joint labor/management councils, profit sharing, and codetermination, however, marks a larger reorientation in labor and rethinking of labor/management relations. Young leaders in steel, communications, and other union factions speak for economic welfare as well as more meaningful work for labor union members. Labor's backing of the Mondale campaign reaffirms its alliance with the Democratic Party.

UNIONIZATION IN TROUBLED TIMES

Richard B. Freeman



"... unions must first develop and put into effect multiple models for representing workers tailored to the needs and concerns of different groups. For example, in some bargaining units workers may not desire to establish a comprehensive set of hard and fast terms and conditions of employment . . ."

"... there is a particular insistence voiced by workers, union and nonunion alike, to have a say in the 'how, why, and wherefore' of their work. These needs and desires are being met in some cases by union-management programs affording greater worker participation in the decision-making process at the workplace."

"Collective bargaining is not, and should not be, confined by any rigid and narrow formula; the bargaining process is shaped by the times, the circumstances, and the interplay between particular employers and employees."

"Consideration should be given to establishing new categories of membership for workers not employed in an organized bargaining unit."

"A feasibility study should . . . be done to determine what services can be provided on a cost-effective basis, what vehicles would be most effective in providing such services, and to whom the services should be made available."

Is this the stodgy old AFL-CIO?

While the 1985 report by the AFL-CIO Committee on the

Evolution of Work will not satisfy everyone, it represents a landmark change in labor's public recognition of its current problems and the beginning of a major union effort to address these problems and to stem the tide of declining unionization.

By now, it is no secret that labor is in trouble. Alone among the developed countries, the U.S. has experienced a massive decline in the extent and strength of its union movement. The union share of the workforce has been halved; organization via NLRB elections is

miniscule; many unions have trouble winning first contracts; and deregulation, foreign competition, nonunion competition, and a decade of sluggish economic growth and high unemployment have greatly weakened the unions' clout at the bargaining table. Moreover, labor law has failed to protect the rights of workers to organize.

Recognition of all this has not come easily to the AFL-CIO leadership. No one—least of all democratically elected leaders—likes to address problems that call into question past policies and practices, problems that may even threaten organizational viability. Moreover, going public with one's difficulties often does not sit well with one's constituents, which may be one

reason why the AFL-CIO leadership has until recently sought to downplay the crisis facing it. They could hope that the next administration, lower unemployment—something—might suddenly restore union strength. Besides, they could argue, absolute numbers of union members had not fallen (at least until the past few years).

The 1985 report is the first major public statement by the AFL-CIO that signifies a change in attitude. It addresses the problems faced by the unions with a forthrightness rare in public documents, and, as the quotations cited above indicate, it offers new ideas for altering long-time union policies in order to adapt to changing times. If affiliate unions heed this unprecedented call for innovations in industrial relations, the movement will regain some of the momentum that now lies with management. A period of experimentation that yields some successful innovations will improve both the condition of the union movement and the operation of the economy.

Rather than discuss the positive aspects of the AFL-CIO report—its realistic assessment of the situation of unions, its suggestions for rationalization and experimentation by unions in organizing and in collective bargaining, and its striking departure from “business as usual”—I would like to focus on three issues with which the report has not gone as far as it might have: the “image” of unions, the problem of aggressive management seeking a union-free environment, and the changing structure of employment in a world economy. And there is one more important issue that the report skirts briefly: the difficulty of galvanizing opinion around trade unionism in a conservative era.

■ The “Image” Problem

With marked candor, the report notes that many nonunion workers see the union movement as “big labor”—unrepresentative and undemocratic. Since trade unions are, with rare exceptions, democratic and representative organizations (especially at the local level), the report interprets this as a communication failure, and suggests that new publicity and advertising—a new “image”—may be the remedy.

But the report does not face squarely

one important reason for the “big labor” image of unions: namely, the national political activity of the AFL-CIO and its constituent unions. Unions have a legitimate role to play as the voice of workers in the political process. When they play this role, however, they are perceived not as a group of local representative organizations whose primary activity is collective bargaining, but as “big labor.” I don’t have a solution for this. Coalitions with other groups or downplaying political activity might help. In any case, the problem should be addressed.

■ Dealing With Aggressive Management

American management is blessed with a decentralized union movement that is strongly in favor of free enterprise and competition—a far cry from the socialistic, centralized movement of other countries. Yet, American management is currently the most aggressively opposed to unionism in the free world and, as NLRB statistics show, has engaged in a massive crime wave to deter unionization. Moreover, according to a Conference Board survey, from 1973 to 1983 the proportion of companies making union avoidance their prime goal rose from 32% to 46%.

What underlies the rising management opposition? Part of it undoubtedly has to do with the effect of union wage gains, which were abnormally high in the '70s, on profitability and competitiveness. Part also has to do with erroneous perceptions of what unions do to company performance. And part probably has an ideological base.

The report is remiss in not dealing in greater depth with this problem. A future report should assess more closely the mentality and behavior of the team on the other side of the table.

■ Industry in a World Economy

Not long ago one could look at the U.S. as a closed economy and study labor problems with little regard to the world scene. No longer. While the report recognizes this, little attention is given to what it means for traditional union activity, for relations with unions overseas, and for a national economic policy.

There are two important points here. First, unions in industries producing goods



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traded internationally will have to recognize that rapid productivity advances are a requisite for American success in the world economy. Relatively lower wages are probably also a requisite. Greater union attention must be paid to such formerly arcane issues as exchange rates, with union economists asking what would be good for American labor.

On the other side, much of the American workforce is (as the report notes) in services, where there is no serious foreign competition. Here, the problems facing unions are quite different, and their resolution will involve different policies and strategies from those applicable in the traded goods sector.

■ Specific Recommendations

The report offers a variety of recommendations that would have been considered heretical (or at least “far out”) a short while ago. Among the most important of these are: experimentation with new categories of membership, a focus on demographic groups such as minorities and women who show particularly favorable attitudes toward unions, increased corporate campaigns, and use of public opinion pressure to help organize workplaces. Some of these proposals have potential; others look less promising.

Consider the proposed development of “near-members,” workers associated with unions although they are not covered by collective bargaining. What benefits can unions give them? The report mentions job training (about which I have serious doubts) and supplemental medical insurance. One can think of other benefits associated with group purchases—discount travel, discount purchases at certain (union) enterprises, even day-care support. But will existing members accept the “near-members”? Will they have some form of voting rights? And what services can be provided on a cost-effective basis?

The idea of “experimental organizing committees” mentioned in the report is a good one. The problem is implementation. The recent Houston Project that attempted to pool the resources of many local unions (and which cannot by any stretch of the imagination be called a success) suggests that any such program must be developed with extraordinary care and top leadership input. The report’s

stress on the importance of organizing is obviously correct, and the AFL-CIO should perhaps do more to publicize (and reward) successful organizers among its affiliates. But detailed plans are needed to assess the recommendation, and they are unlikely to be made public.

■ The Problem of Commitment

The problem of member commitment to trade unionism is more fundamental than indicated in the report. Organizing requires a large, dedicated corps of ideologically motivated people (one does not become a union activist for monetary reasons) who have a long-term vision of where the economy should be headed. American unionism does not, at present, offer a vision that can galvanize current members and attract new ones to the extent done in past spurts of organization. While the emphasis in the report on new methods of advancing worker interests is a step in the right direction, it constitutes no “clarion call” to resuscitate the movement.

The advantage of American-style unionism is that it is realistic, pragmatic, and not wedded to outdated ideologies. The disadvantage is that it has to create itself anew after each success. Otherwise, it stagnates. What I would like to see next are the views of union leadership, union members, and friends of labor about the economic world they want to see 20 to 30 years hence: What kinds of changes do they want in remuneration schemes? What about comparable worth? Elimination of blue-collar/white-collar divisions within firms? A goal of 50% organization of the workforce? Thirty percent? Greater governmental regulation? Or less?

This report sets the stage for further efforts by unions to redefine themselves and to develop a new rationale in troubled times.



The report is by far the finest thing to come out of the labor movement since the merger of the American Federation of Labor and Congress of

Industrial Organizations ended two decades of civil war 30 years ago. In its willingness to drop the blinders that have shut out unpleasant realities and in its call for experimentation in imaginative directions, the report represents a breathtaking departure from the Rip Van Winkle somnolence that has kept labor's programs and practices frozen in the teeth of meteoric changes in the nature of work and the workforce and of society and the global economy.

With the possible exception of that other bastion of self-righteousness, the press, no American institution has ever been more afflicted than the trade union movement with a disposition to view itself as a stainless champion of goodness insufficiently appreciated by the dolts and ingrates who make up the rest of the population. The most refreshing aspect of labor's present self-appraisal is its frankness in acknowledging the depths to which the movement has plunged in popular regard, especially among the four workers out of every five now outside union ranks.

A Louis Harris poll for the AFL-CIO indicates that nearly two-thirds of all nonunionists believe union leaders force their will on their members when it comes to strikes or other issues. Well over half are convinced that unions increase the danger of a company going out of business, and that they stifle initiative and fight change. Among the general population, fully 50% think most union chiefs no longer represent their members' wishes.

By way of persuading such skeptics that unions are democratic bodies—and that they constitute the best available instruments for working people to express their individuality on the job and to control their own working lives—the report endorses a long list of new approaches, many of which border on heresy by any yardstick of trade union



orthodoxy. In that sense, the parallel that some of the report's framers have drawn to Vatican II has considerable aptness. That is particularly true of the stress placed on the desirability of abandoning confrontational tactics to the extent permitted by the readiness of employers to meet unions halfway—an accommodating spirit that has not been notably assertive on either side in traditional relationships, and that is in decidedly short supply on the company side in these days of widespread management belief that most unions are over the hill and ripe for obliteration.

Labor's new-found receptivity to change is underscored in the report's recognition that many members of today's labor force—better educated and impatient of the claims of authority—are “less likely to see work as a straight economic transaction providing a means of survival and are more likely to see it as a means of self-expression and self-development.” Implicit is a suggestion that unions downplay strikes and fist-shaking in quest of “more” and put their faith instead in such civilized recourses as arbitration and mediation. As one step toward expanding outlets for individualism in the conformist context of bargaining, the Federation takes a vastly more affirmative stance than has been its wont toward blessing union cooperation in programs aimed at giving rank-and-file workers a larger voice in making decisions that directly affect their jobs.

A further step in the same direction is the report's imprimatur on contracts that establish minimum guarantees to serve as a floor for bargaining by individual union members, in place of the rigid agreements prescribing hard-and-fast conditions for everybody. More adventurous still is the notion that classes of associate membership be created to enlarge the sphere of unionism by providing services or benefits to millions of workers not covered by union contracts.

All these new tacks, and many more that stud the report, make excellent sense

in the forbidding climate for labor engendered by savage trade competition, deregulation, the swift switch from a production to a service economy, the shrinkage of union strongholds, the job upheavals attendant on technological change and the indifference—public as well as official—to levels of unemployment almost double the 4% standard fixed as the trigger for governmental correctives by Congress less than a decade ago.

Along with these challenges goes the growing sophistication of employer resistance to unionization, abetted by the Reagan Administration's packing of the National Labor Relations Board with flagrantly pro-management types, to say nothing of the example in union-busting that the President himself set when he smashed the Professional Air Traffic Controllers Organization in 1981 and fired all 11,500 of its striking members.

■ The Fragility of Union Bonds

My admiration for the encouragement the report gives to venturesomeness in a barnacle-encrusted movement is heightened by its urgent reminder that no resurgence is possible unless the dismaying gulf that now separates many unions from their rank and file is closed. The truth, unstated in the report, is that many, if not most, unions have done no real organizing in the last 30 years. The great bulk of their members have been delivered to them by employers through the union shop or other forms of pushbutton unionism.

That helps explain the fragility of the bonds that link hundreds of thousands of union cardholders to their organizations. They stay away in droves from union meetings. And the picket line, once a sacrosanct symbol of union solidarity, has become so porous that many employers provoke strikes with confidence that walkouts will work to their advantage, not the union's. Reorganizing the organized must transcend all other union priorities if those now inside but divorced from any



sense of genuine involvement are to become bona fide trade unionists. Without an internal revival of that sort, the report's suggestions that labor address the four-fifths of all workers outside its ranks are likely to prove as vaporous as those that accompanied unification in 1955.

It is in precisely this area that my worries about the adequacy of this splendid document begin. Without intending in any way to water down my praise for the vigor the AFL-CIO high command has shown in breaking out of ancestral straitjackets, I am saddened by its reluctance to face the movement's internal shortcomings with the same candor and boldness the leaders displayed in assessing its external challenges and image problems.

The double standard that prevails in this regard finds graphic expression in the clamp the Federation decided to put on the Harris pollsters when it came to releasing their findings about how union members feel about their unions. All the public is told about this bedrock topic is an otherwise unsupported statement in the report that workers who belong to unions "express very different—and far more positive—views of their union" than do nonmembers, who condemn unions as dictatorial and destructive. Efforts to obtain specifics from the Harris organization are rebuffed with the explanation that the AFL-CIO has instructed it to treat the results as confidential information.

Whether there is among the deadhead elements still in command of many unions the requisite sense of urgency or the capacity to make real the ideals of democracy and solidarity on which the report is predicated will take time to judge. The months immediately following its adoption have provided scant evidence that old ruts will be abandoned in a hurry.

■ Enterprise Oriented Unionism

My worries about the adequacy of the overall design go deeper than any questions about how wholeheartedly the

leadership will move to make the report's unimpeachable principles a way of life, rather than a public relations exercise on the Madison Avenue model. A more basic concern arises out of the intractability of the problems that have dragged labor to its low estate and the degree to which they will drive it reluctantly but irresistibly into a protective stance of the narrowest kind, in which unions—even locals of the same international—compete with one another in a dog-eat-dog struggle for survival.

For all the assiduousness Lane Kirkland has applied to combing the archives for proof that Samuel Gompers was not talking about money alone when he enshrined "more" as the centerpiece of bread-and-butter unionism, the ability to deliver what Jimmy Hoffa used to call "the highest buck" has always been the foundation stone of successful organizing. Walter Reuther used to talk about the bigger slices everyone could get out of the ever-expanding national economic pie, but it came to the same thing Hoffa was promising.

Now the unions that were formerly in the vanguard of the wage parade in manufacturing, construction, and transportation find themselves obliged to sacrifice hard-won gains in each round of negotiations. Two-tier wage structures, pitting young workers against old, are becoming the norm over labor's vehement objections. Industrywide bargaining patterns, on which major unions relied as their most dependable bulwark for stabilizing labor costs and banishing competition at the expense of workers, have shriveled out of the necessity unions perceive for keeping sagging enterprises alive. The one notable exception is a none too reassuring one: the Big Three auto companies, where the moonburst of prosperity in which Chrysler is at least briefly enveloped has prompted the UAW to move back toward the rigidities of business as usual on the wage front—a disappointing departure from the inventiveness the union has shown at GM



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and Ford. Contracting-out arrangements and use of part-time or temporary employees proliferate as management devices for holding down the core payroll and escaping benefit outlays. More insidious than any of these is the rivalry already apparent among local unions in the biggest of multinationals in trading away work rules and benefits as a means of insuring that their plant will win preference over sister plants as the locus for modernization and continued employment.

In short, the tendency is toward an enterprise-oriented brand of company unionism devoid of the old abuses of employer domination. At its best, this 1980s transmutation will involve a steady broadening of worker and union participation in corporate decision-making and gainsharing at every level, up to the boardroom, and a corresponding extension of flexible wage practices based on profit-sharing, bonuses, and employee stock ownership.

To leftist critics, of course, this trend represents irrefutable proof that what is wrong with the existing labor movement is its firm identification with the enterprise system. They urge unions to seek a more secure harbor by striking out for fundamental social reform along redistributive lines. But the temper of the mainstream elements in labor, as evidenced anew in the report, is against any accentuation of class divisions through such devices as a labor party, a general strike, or other steps in the direction of what Kirkland terms "revolutionary defeatism."

Certainly, no itch to embrace Marxist solutions was reflected in the tepid rank-and-file response to the AFL-CIO's endeavor to make itself the sparkplug in a return to the moderate meliorism of an updated New Deal-Great Society through the election of its chosen instrument, Walter F. Mondale, in the 1984 Presidential election. A majority of the voters in white union households—

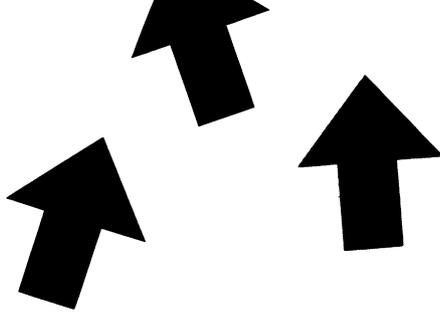
normally the backbone of the labor constituency—cast their ballots for Ronald Reagan in bland disregard of perfervid warnings by their leaders that a vote for Reagan was a vote for "the worst enemies of working men and women."

Only a 95% margin for Mondale among black unionists saved the Federation hierarchy from utter humiliation in its all-out effort to establish itself as kingmaker in national politics. Yet most of the comfort the union establishment might have taken from this closing of ranks by its black minority was erased in advance by the clear demonstration these same black unionists had given in the primaries of how unimpressed they were by any counsel from Federation headquarters. In the pre-nomination contests, the black union vote went overwhelmingly for Jesse Jackson, despite a high-pressure drive by a task force of 200 ranking black unionists initiated by Kirkland to convince the black rank and file that they would be casting their votes away if they did not back Mondale.

■ Quagmires on the Path of Reason

Quite apart from any consideration of ideology, there is sound reason to support the dominant sentiment at the top of labor to seek innovative forms of accommodation with management in the interest of shoring up American companies and jobs in this era of a rapacious and interdependent world economy. Even such novel union weapons as the deployment of money power—applied with dramatic effectiveness in the massing of pension reserves and other financial bludgeons in the corporate campaign that brought J.P. Stevens & Co. to heel five years ago—carry with them great risk of backfire in suits for betrayal of fiduciary responsibilities or in undermining of jobs. A general call to the barricades akin to the sit-downs that marked the conquest of the mass production industries in the 1930s would have suicidal implications today, a reality





well-known to the pragmatists at labor's helm.

Regrettably, the path of reason and responsibility they have wisely chosen to tread is not free of quagmires. Even the best-conceived quality-of-work-life programs often fail to restore corporate health or prevent the wholesale export of jobs to low-wage sanctuaries in the Far East or Latin America. Union loyalty is hard to build or sustain when one layer of givebacks is piled on another, and never more so than when workers who have been assured that they are full partners in the business discover that their company has been merged, without notice or consultation, into a conglomerate that decides overnight to scrap their unit because it contributes too little to the consolidated balance sheet.

Moreover, to the extent that opportunities for good jobs tighten, the nature of unionism requires it to concentrate its protective activities on lifetime income guarantees, employer-financed retraining programs, and other shields for those already inside the union circle. The great mass of the historically excluded—blacks, Hispanics, women, and now the young of all descriptions—find themselves battering against ever-higher walls erected under union contract.

It is easy but, I think, delusive to point to union progress in organizing white-collar and professional workers in the civil service as contradicting prophecies of continued crisis and decline. Public employment is a sheltered workshop, in which the disproportionate political power that employees are able to exercise in selecting or deposing their bosses (and in winning favorable legislation) has smoothed the way for union advances, in many cases through the outright annexation of old-line civil service associations that the AFL-CIO used to

deride as company unions. Government employees, especially those in state and local service, have been insulated from the worst hardships that have befallen unionists in the private sector—though the near-bankruptcy of New York and other large cities in the mid-1970s did give many an early exposure to just such a squeeze.

The muscle civil service unions still have as political arm-twisters is currently on exhibit in the breakthroughs they are making in establishing comparable worth as a measuring rod for the reduction of pay bias in women's jobs, a field in which industrial unions are getting almost nowhere. If the years immediately ahead show public employees prospering while private employees fall behind, interunion tensions (which the Federation has stifled up to now) may explode in a resurgence of the Proposition Thirteen spirit, now mercifully at rest.

All these factors leave me less than serene about the chances for a vigorous rebound of American labor to the position I devoutly believe it must have as a mainspring of vitality for democracy, economic health, and social justice. In the absence of far-reaching labor law reform or of a benevolent turnaround in employer attitudes on a massive scale, unions will slog along in much their present twilight state. I say this with infinite regret because of the great admiration I have for the report and for the intellect and dedication of its two principal sponsors, Lane Kirkland and Thomas R. Donahue, as well as the creative new breed of union stalwarts emerging to pilot labor's battered ark into the 21st century. I hope they and their confreres will prove my apprehensions excessive.





The AFL-CIO report is an earnest effort on the part of the labor movement to understand what has happened to work and workers and why there has been a consistent loss of union membership and diminished union influence. But the report—while recognizing the shift from the manufacturing sector to the service sector, the emergence of the two-earner family, and the new breed of workers with their high level of expectations regarding personal development and the quality of work life—does not begin to understand the implications of these or other changes. It is not only the shift of jobs to the service sector that is causing change. The changes in how work gets done in manufacturing are also creating new ways of life at work.

Think of it this way: In the last 75 years, more changes have taken place in the technologies that affect work than in all of previously recorded history. It is no wonder, then, that organizations like the AFL-CIO are reeling under the impact of a revolution that is overturning all traditional work roles and functions.

The suggestions in the report regarding new, flexible organizational formats are a good beginning and should be encouraged, but they should not be confused with an in-depth analysis of the workplace changes that are threatening the very existence of the labor movement. In light of these general comments, I would like to deal with three specific issues raised in the report: Employers are more antiunion than they used to be, there is a “new worker” out there, and the public image of unions needs some improvement.

■ Antiunion Bosses

In the union heydays of the '40s, I was an active union organizer, as my father had been in the '20s. The primary concern of the labor movement in those times was the rawhiding of workers in sweatshops. To labor was to do hard, physical work, to be physically used up in the performance of one's daily tasks. It meant low wages, no benefits, and being totally at the mercy of capricious supervisors. Foremen could (and did) treat humans as cattle. The battle cry of the union crusade was to stop inhuman treatment, and great numbers of workers responded by joining unions.

The employers were called bosses then. They were not just unfriendly. They carried on a war against unions that cost the lives of some of the people who were determined to bring about changes in the workplace. The Wagner Act was a great help, and after its passage more workers joined unions, but never (to my knowledge) without real resistance from the employers. If an employer let a union in without resistance, the contract was considered a "sweetheart agreement," and scorned by any red-blooded union organizer.

In the face of this bitter opposition from employers, thousands of grievances and long, costly strikes were required to lead the way to a new kind of workplace. The adversarial spirit that characterized the early union organizing efforts ultimately began to give way to a new, cooperative spirit, as exemplified in the steel industry's "no-strike agreements" in the 1960s. Employers learned that fighting with their employees simply did not pay off. The new breed of humanistic manager, emerging from the adversarial climate of the militant union era, began to follow a policy of "treat your workers well, give them a fair wage, decent benefits, and good working conditions, and you won't be unionized." The days of the private detective agencies, the brass knuckles, and the goon squads were over. The employers had finally learned that a velvet glove was

more effective than a mailed fist.

The American labor movement, never much interested in pursuing a Marxist class-struggle policy (as many European and Canadian unions do), easily accepted the new cooperative spirit of employers. Many union leaders confused the cooperative spirit, which was based on an economic balance of power, with a more fundamental acceptance of unions. That acceptance never existed. Employers who were "stuck" with a union decided to make the best of it—but given a choice, they universally would have preferred to be without one. There is some research that suggests that unions can be good for business, but I have yet to meet a manager who thinks that. From the manager's viewpoint, a company can grant all the benefits that unionization might achieve, but still come out ahead if they are free of a third party who limits the exercise of management prerogatives.

My point is that employers have never wanted unions, and to argue (as the report does) that they have become *more* resistant is simply to create excuses for the inability to organize workers in the face of dramatic social and economic change.

■ The New Workers

As to the new workers, many of them are the sons and daughters of the blue-collar people who traditionally belonged to unions. A major objective in their parents' lives was to see to it that "my kids don't have to work in this factory." With the help of their unions, they succeeded. The report describes this new breed as skeptical of authority, with more education and greater expectations than their parents. They see themselves in the white-collar world. They do not want to be part of the blue-collar culture (with which the unions are identified), since this society does not value people who work with their hands. The historical achievements of the unions are part of the reason why these new workers are not exploited as their parents were. Now,



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paradoxically, the unions have little or no appeal to the people who have been their beneficiaries.

The skepticism of the young toward authority applies as much to union bosses as it does to their management counterparts. Needless to say, the shenanigans of some labor leaders with their union treasuries reinforces this skepticism. While the AFL-CIO cannot be held responsible for the conduct of each affiliate, it needs to find a way to clean out its corrupt members if it expects to overcome the doubts of the skeptics. The argument (one I have often made myself) that all organizations have to deal with dishonesty in their ranks doesn't hold water when applied to unions. Unions, by their own definition seeking dignity and a better life, need to be beyond reproach. When they suffer from the same corruption that businesses do, they lose their image as the champion of the oppressed. If the unions are again to emerge as a movement in the eyes of the new workers, they will need to take on the character of a crusade, to become as clean as a hound's tooth.

In a previous issue of this magazine (Vol 2, No. 2) I wrote about the New Romanovs. They are the new workers, whose lives are not dominated by suffering and denial. They believe that having a good time is part of life—and with some help from the unions and the economy they are having that good time. It is thus difficult to arouse these workers over some injustice that the NLRB is directing toward the unions. They also care little or nothing about what George Meany or Eugene Victor Debs (both quoted in the report) had to say years ago. To appeal to this new worker, the unions will have to develop a whole new agenda, including examining the usefulness of their unchanging “fundamental principles.”

■ The Problem of “Image”

The report gives considerable attention to the results of various surveys of how the public—union members as well as nonmembers—perceives the labor movement. Unions are described as being “good in the abstract, but not for me.” Could this be something other than an image problem? Could it be that worker needs have changed?

It is indeed a sad commentary on the

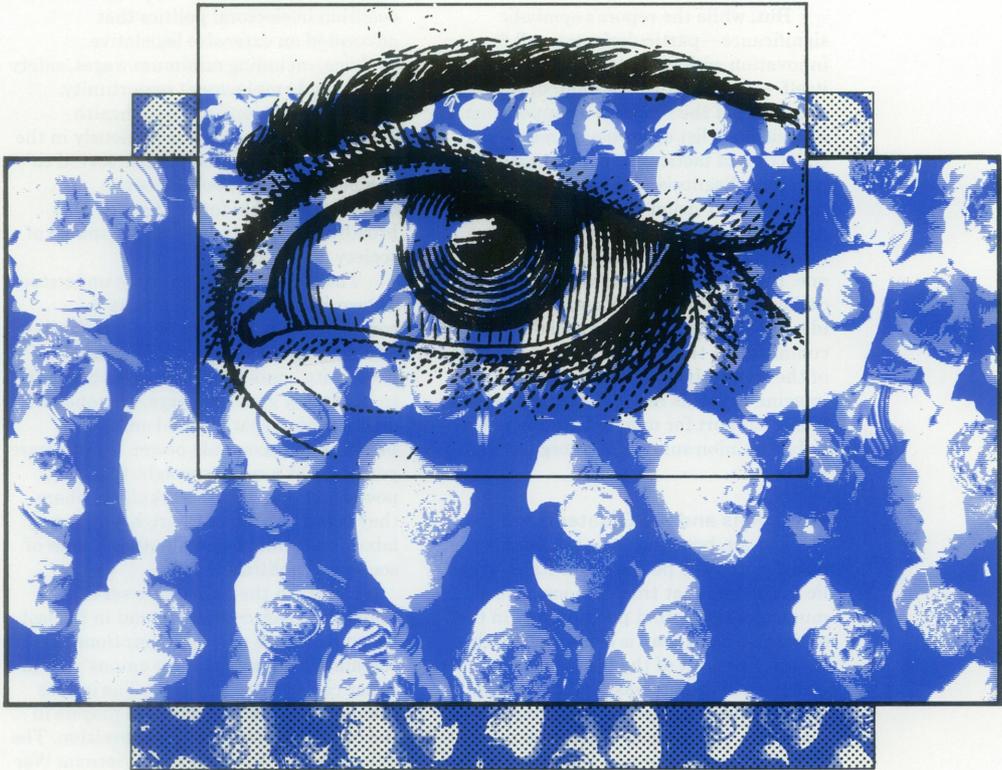
labor movement that it has to go to Lou Harris to find out what its members are thinking. (That may tell us more about the real problem than all this discussion.) After all, leaders are often defined by the ability to sense what their followers are thinking. Which brings me to my last point.

The labor movement suffers from a basic structural problem. There is no natural or evolutionary way to reinvigorate its leadership. Because of the nature of the organization, there is no career progression (as there is in business). Once being elected, the only place to go in the union is upward. Those at the top are in a comfortable cul-de-sac, with no incentive to leave. This results in a “central committee” syndrome, a condition in which there are far too many old men (but no women) who are determined to hang in there right to the grave. That is obviously not good for their public image. More important, it does not bode well for creativity and innovation, both critical needs. Corporations do not tolerate this hardening of the arteries—the more successful ones have tough personnel policies that constantly force new blood into the organizational lifestream. Indeed, many companies that have avoided unionization have been able to do so precisely because they promoted young leaders who were able to outsmart their union counterparts. They abandoned old, “unchallengable” principles in favor of new, humanistic strategies, convincing workers that they did not have to pay dues to a union in order to be treated well.

In sum, if the labor movement wishes to breathe new life into itself, it needs to stop bellyaching about employers being antiunion. They always have been, and they always will be. The unions need to do some soul-searching about their loss of appeal, examining everything they stand for. They need to develop a mission that is relevant to today's workforce, not one based on something that Eugene Victor Debs said in the '20s.

The labor movement will not get a new image by better use of the media (as the report proposes) unless it has something new to convey—and some new young leaders, particularly females, to say it.





he AFL-CIO report is an aggressive attempt by organized labor to reassert itself as a dynamic force in contemporary American society. In fact, the search

for new approaches to internal union structure, to bargaining, to organizing, and to political action has been underway for some time. But by publishing some possible new approaches in an official document, the AFL-CIO has legitimized them and encouraged further

experimentation. Since (as everybody now recognizes) American labor is in very serious trouble, this report must be greeted with relief by all who believe that the justice and equity of the American social structure are dependent upon the dynamism and vitality of our labor movement.

But, while the report's symbolic significance—particularly as a call for innovation within the labor movement itself—cannot be overestimated, the substance of the report is disappointing. It is basically a list of problem areas and a collection of tactical responses, with no coherent diagnosis of the source of labor's problems, no vision of labor's place in American society, and no strategy for regaining its old position or creating a new one. Internally, this is hardly fatal: Most dedicated trade unionists still hold an ideological conviction and social commitment that run counter to the tone of the report. It is, however, hard to imagine that this report could activate the latent support for unions found in recent public opinion surveys of unorganized workers.

■ Unions and the Greater Good

At root, both the threat to labor's position and the potential for its survival lie in the fact that trade unions have a much more profound position within the social structure than is evident from this report. For most of the postwar period, the existence of unions was predicated upon a vision of American society in which they played an organic role. There was a threefold link in the minds of Americans between the activities of unions on behalf of their members and the welfare of society as a whole. First, it was perceived that union efforts to maximize the income and improve the working conditions of their members created consumer

purchasing power and thereby sustained national economic prosperity. (The Great Depression was widely believed to have been aggravated by competitive wage cutting and a general lack of purchasing power.)

Second, the union movement organized and led a broad, progressive coalition in electoral politics that advocated an extensive legislative package, including minimum wages, safety laws, equal employment opportunity, Social Security, and national health insurance. While this was obviously in the unions' narrow interest, it also served to enhance the social welfare of the unorganized labor force, and was thus broadly conceived to be in the interest of society as a whole.

The third element must be understood in terms of the nature of society's commitment to mass production. While understood as central to industrial prosperity, mass production was thought to inevitably generate large, monopolistic organizations that wielded enormous political and economic power. Unions were perceived as a counterweight to that power, not only in the workplace, where they acted to protect the rights of the labor force, but also in all other arenas of social and political action.

Events in the 1970s have served to undermine this consensus, and in the last decade all three of the assumptions that sustained and justified the unions' role in American society collapsed. The unions themselves were the principal players in the collapse of their political position. The debate in the 1960s over the Vietnam War split the AFL-CIO from other elements of the progressive coalition of left-wing political groups, which it had initially led. Then, in the '70s, the AFL-CIO found itself at odds with women and blacks over the interpretation of EEOC legislation



(ironically so, because the AFL-CIO was almost singlehandedly responsible for the passage of this legislation in the first place), with ecologists over environmental controls, with the consumer movement over product safety, and with the new ethnic minorities over immigration legislation. As a result, labor came to be perceived as a special interest group, working for legislation in its own behalf, and at the expense of broader interests.

The unions' economic role was undermined by changes in the competitive and technological challenges facing American business. As the domestic market was no longer large enough to absorb the output of the durable goods industries, the fate of these firms (and of the newer American industries as well) became increasingly dependent on their ability to sell internationally. The role of unions in sustaining domestic purchasing power became less relevant as the high wages and protective work rules that unions sought seemed to weaken the American competitive position in world markets. Even the rank and file began to believe that union wages and union protection, which they welcomed, were undermining the long-run viability of the enterprises where they worked.

Technological changes increased the efficiency of smaller batch production and gave an advantage to more flexible firms, particularly those in sectors of the economy where unions were not well represented and where forms of labor/management relations did not fit well with the union model. As international competition, deregulation, and technological changes made businesses increasingly competitive with one another, there seemed to be less need for unions to act as a countervailing power against excessive concentration of business.

Finally, general disappointment with

the economic performance of the American economy in the '70s—rising unemployment, accelerating inflation, stagnating labor productivity, and slow growth—created a climate first of bewilderment and then of growing skepticism about the assumptions upon which our understanding of the postwar prosperity had been based.

■ Seeing Double

Two new social visions, both threatening to the existence of the labor movement, emerged to fill this void. One is the exuberant vision of Ronald Reagan, in which the initiative of private individuals—freed from the institutional restraints progressively imposed upon them through government since the New Deal—will generate growth and prosperity through innovative production of goods and services and entrepreneurial activity.

The related vision is really the abstract model of neoclassical economics, in which small, isolated economic units, communicating only indirectly through the market, generate prosperity under competitive pressures that drive them to the efficient use of scarce resources. This second vision supplied the intellectual coherence to the Carter Administration's economic program and to Walter Mondale's lectures on the federal deficit in the 1984 Presidential campaign. Neither vision has a place for trade unions. In the former, they stifle creativity; in the latter, they are a monopoly element, driving up wages at the expense of efficiency. Under Carter, the neoclassical vision had a further impact: It led Administration officials to see the New Deal and Great Society programs that they supported and administered as so many debts owed to a series of interest groups that composed the Democratic Party. By treating the programs in this way, the party leaders at



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that time turned them into the political payoffs they imagined them to be, thus further undermining the social vision in which those programs had an organic place.

In the current economic climate, there is considerable truth in at least Reagan's vision of American economic prosperity. We have entered an era in which we are much more dependent on creative entrepreneurial activity than we were in the recent past. Individual firms can prosper through independent action in the international economy. The new technology does, indeed, lend itself to innovative strategies that move a business from niche to niche in the market place. Thus, business is less dependent upon a unified national economy and the constraints of mass production.

But, as an understanding of how the new American economy actually operates, Reagan's vision is incomplete. Individual initiative does not take place in isolation; it grows out of, and is heavily dependent upon, the broader social setting. This social dependence is multifaceted: It includes an intellectual community for the exchange and development of ideas; a cooperative network of firms to translate the flow of ideas into commercially feasible goods and services; a pool of skilled workers to get these new goods and services into production and out to the market (especially important when production runs are too short to amortize the extensive trial-and-error learning that is feasible in mass production); and a web of trust and cooperation among workers and managers to reproduce this pool of skilled manpower through on-the-job training. Most of all, this new kind of production depends on restraints upon

competitive activities to insure that these pressures are channeled toward innovation and do not result instead in draconian cost cutting, thereby destroying the needed cooperative relationships among workers, managers, and subcontractors. If wages and interfirm exchanges are not removed from competition, cheating and exploitation will destroy the trust required for creative interchange.

Historically, in the United States, unions have provided the kinds of communal bonds that the new economic structures seem to require. And the AFL-CIO report recognizes and encourages union efforts to recreate those bonds today. The most significant of these efforts are the quality of work life and worker participation experiments occurring under the auspices of the large industrial unions, and the involvement of some of the older craft unions (such as the Bricklayers and the Amalgamated Clothing Workers) in training and research and development institutes. What is missing now is a vision of the broader significance of these efforts that would validate their claim for legal protection and social support. This is not just labor's problem, for the economic success of the United States in the world economy—to say nothing of the justice and equity of the emerging economic order—depends upon the structures that labor provides. But if labor does not also supply the vision, it is unlikely to come from other social groups. Thus, in the end, the weaknesses of the AFL-CIO report (unless remedied in the near future) are likely to be the weaknesses of us all.



THE NEED FOR COOPERATION

William E. Brock

The AFL-CIO's comprehensive and challenging report is a welcome signal that organized labor has rededicated its efforts to advancing the needs and aspirations of its members and to establishing a more productive relationship with management.

The principles on which the labor/management relationship rests will dictate, to a large extent, the role America will play in the world economy for the rest of the century. One such principle I am pleased to find in the report recognizes that "confrontation and conflict are wasteful and that a cooperative approach to solving shared present and future problems is desirable." By facing the complex issues of productivity and international competitiveness in their broadest context, unions indicate their understanding that a healthy labor movement cannot exist in an unhealthy economy. The report, therefore, urges the labor movement to "seek to accelerate"



union-management programs that give their members greater participation in workplace decision-making processes.

I couldn't agree more. Decisions made cooperatively and inclusively gain the widest support. And companies with cooperative labor policies are showing their competitive strength through increased productivity and better labor/management relations—which in turn lead to a better product, a better price, and a sounder employment future. According to the AFL-CIO report, unions that develop such programs elicit a positive response from their members. This convinces me that a solid atmosphere of cooperation, grounded in a mutual respect for collective bargaining, enables both labor and management to maintain their separate integrity and functions, while working in harmony for the good of all.

The years I spent as U.S. Trade Representative showed me that adversarial attitudes just won't cut it in the international arena. Once the undisputed leader of the world economy, the United States has seen its competitive position gradually erode as other nations have come to excel in productive efficiency and product quality. While the survival of our economic system is not in doubt, the undeniable fact is that we are not adequately meeting the challenge of international competition, and we are paying a heavy price for our failure. Part of the fault lies with government. But part also lies with management and with labor. Clinging to adversarial attitudes forged a half century ago, attitudes which may no longer be relevant to today's issues and problems, is a prescription for mutual disaster, not mutual survival and prosperity.

■ Meeting the Demands of a New Era

The growing threat of foreign competition is not the only major challenge confronting employers and unions in the 1980s. The report clearly recognizes that a second and no less formidable challenge is being issued by American workers themselves. Workers are increasingly demanding changes in their jobs and employment arrangements. These demands include: more opportunity to develop and apply their skills; more flexibility in meshing the needs of their work and nonwork lives; and, perhaps most important of all, more voice generally in decisions regarding the organization of their work and the conditions under which it is performed. In essence, workers at all levels are seeking to realize their full potential to increase the productivity of their organizations and, in the process, improve the quality of their lives at work and at home. Labor/management cooperation has proved itself to be an essential vehicle for bringing about these organizational and personal improvements.

Companies and unions seeking to develop cooperative arrangements must not view their efforts as just another program with a beginning and an end; true quality-of-work-life programs are evolutionary processes with the potential to restructure an organization's entire working and decision-making environment. While cooperative programs have heretofore focused primarily on shop-floor issues, there is growing evidence that unions and management are cooperating in setting long-term business priorities. Cooperative labor/management approaches to corporate strategic decisions have been tried in the steel, auto, and communications industries. This experience shows that strategic bargaining involving new investment commitments and employment security can be negotiated in an atmosphere of mutual



trust and respect. More and more businesses are sharing information and consulting with union leaders about major corporate issues such as new manufacturing methods, competitive costs, technological change, and long-term employment prospects. Organizations willing to share information, responsibility, and power are benefiting from the involvement of unions that can accurately reflect rank-and-file interests and marshal support on the shop floor for the firm's strategic decisions.

The Saturn Project is an example of how a whole new product line can be jointly developed by labor and management. General Motors and the United Automobile Workers Union cooperated to create new production and organizational methods that will help this country make small cars that can compete in quality and cost with the lowest-priced imports. GM and the UAW have also joined hands to insure that their workforce of the future has a better chance to keep up with rapid technological changes occurring in the automobile industry. They signed a remarkable agreement that sets aside a nickel an hour per worker for retraining. Now, a nickel an hour doesn't sound like much for a corporation like GM, but it amounts to a \$50-million-a-year investment in a more productive workforce and greater opportunity for individual workers. That's a tremendous investment in people, and it ought to be multiplied a hundredfold by other organizations.

■ The New Realities

Yet, despite all the advantages that cooperation can bring, we—and here I mean unions, business, and government—have been slow to adjust to new economic

realities; we are behind the pace of change. To catch up, we need to evaluate our labor relations and economic priorities as part of a coherent strategy dedicated to strengthening our ability to participate in an integrated world economy.

Unions want, and should have, the opportunity to compete under fair conditions. They do not oppose technology. And they realize that protectionism against competitors who practice fair trade is simply a redistribution of unemployment, not a solution for it. Labor/management cooperation must be an integral part of a national commitment to put our competitive house in order. We will succeed only if we acknowledge the impact and relationship of each policy (whether it is developed on the banks of the Potomac or in the collective bargaining process of an individual plant) upon the total goal of improving our basic competitiveness.

One hundred twenty-five years ago, this country faced its most serious crisis and struggled for five bloody years over the issue of its very nationhood. Abraham Lincoln realized, in his efforts to preserve the nation, that "the dogmas of the past are inadequate to the stormy present." We must "disentrall ourselves" of these outmoded dogmas, he said, "and then we shall save our country."

The shibboleths of past industrial conflict are no guide to our future as an industrial nation. To ensure that future, we need to work far more effectively and consistently together to create a competitive, vibrant economic system strong enough to face any competition, aggressive enough to seek every market, and, most of all, decent enough to provide each citizen an opportunity to gain the pride and self-respect that comes with productive employment.



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THE AFL-CIO CALL TO CHANGE

Irving Bluestone





eeding the old Chinese proverb, “The other side of change is opportunity,” the AFL-CIO has issued a report that welcomes change and embraces

opportunity.

The report is significant as much for its self-examination as it is for its substantive recommendations. It establishes that the labor movement is not steeped in stagnant traditions. Rather, trade unions are seeking self-renewal in a period of rapid cultural, economic, and societal change. In stark contrast to an Administration that yearns to retreat to the shibboleths of the past, the AFL-CIO has set its sight on the compelling issues of the future. The report takes cognizance of the changes that have moved the social pendulum away from strong citizen support for unions to a more critical view of their role in advancing the national welfare. But instead of finding cause for despair, the report proposes a provocative set of strategies aimed at stimulating new growth and vitality among the affiliated unions.

In the current political climate, unions have been tarred with the brush of narrow self-interest. In fact, despite its occasional flaws, the labor movement has historically been in the forefront of the struggle for universal progress, for uplifting the human condition. Labor unions fought for child labor laws, compulsory free education, public works, Social Security, the Pure Food and Drug Act, federal aid to education and housing, conservation programs, and antidiscrimination laws, to name just a few of the programs that improved the quality of life for the entire nation. Ironically, these are now generally accepted as part of “the American way,” although they were vigorously opposed by the mainstream of the business community through the National Association of Manufacturers.

■ Creating the Good Society

In the simplest terms, the thrust of the labor movement is to:

- organize the unorganized
- educate the organized
- engage in collective bargaining
- help improve the standard of living of all people
- bring the values of democracy into the workplace
- participate actively in advancing the well-being of the community, the state, and the nation by direct involvement in community affairs and by active participation in democratic political processes
- seek the international path to brotherhood and peace among nations and peoples.

There is self-interest here on behalf of those who toil (and their families). But there is also an embrace of the universal longing for a better life for all in a better world—and a vision of the practical steps to attain it.

To fulfill its ultimate aspiration of helping to create the good society, the AFL-CIO must increase its membership. Its ideals can only become reality when supported by commitment, organizational strength, and the will to persevere. Having suffered a decline in union membership, both in actual numbers and as a percentage of the work force, the labor movement is aware that realizing its far-reaching goals starts with the development of organizational strength. Thus, the report devotes major attention to the basics of growth and strength. The report also offers proposals (some novel, indeed, for the American labor scene) that offer new opportunities to fulfill labor’s historic mission:

- establishing new categories of membership, affording employes in nonunion workplaces the opportunity to affiliate with a union
- establishing organizing committees similar to the experiment in Houston, Texas, in which affiliates in a particular industry, geographic area, or company pool their resources.

It is interesting to note that a similar concept of establishing organizing committees was first broached by Walter



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P. Reuther soon after the AFL-CIO merger in 1955. In fact, the proposal was adopted at the time, but it foundered for lack of commitment and the difficulties of overcoming claims of union jurisdiction—an age-old problem. Today, however, one can anticipate that the roadblocks to combined organizing effort will disappear. The labor movement, over decades of struggle, has invariably adapted to social, economic, and technological change, and there is every reason to believe that time and circumstance will once again prove labor's adaptability.

■ Renewing Commitment

Organizing the unorganized is only the first step. Recent studies showing that members are alienated from their unions (and from union policies) clearly point to a compelling need to educate the organized, to bridge the gap between raw membership numbers and actual member commitment to labor's cause.

As proposed in the report, the AFL-CIO can promote the establishment of speakers' bureaus. It can work with the media to sharpen understanding and improve coverage of the labor movement's program. The movement can improve its image with the public at large by employing modern advertising techniques. However, strengthening the bond between the individual members and their unions and inducing members to participate in their unions' affairs will probably require more than public relations. It is the "eyeball to eyeball" contact, the exchange of ideas among members, that triggers personal involvement and active participation. This approach requires vigorous effort, the day-to-day follow-up to the stirring speech and the advertised word. Several thoughts come to mind. During lunch and relief breaks, it is not unusual for employees to congregate

around a table. The conversation: How did the home team do yesterday? Have you seen the latest movie? Did you watch "Dallas" last night? Local union leaders could be trained to lead such discussions into an exchange of views regarding union policies, the political and legislative scene, the economy, and "hot" community issues. Union activists, carefully trained in group dynamics, could provoke interest in the union's work. Thousands of such coffee klatches each work day would quickly increase understanding, conviction, and active participation.

Why not invite retired union members to lend their experience and commitment to the task of proselytizing? Acting as missionaries, volunteer retirees could be given special training as speakers for schools and campuses. They could visit members' homes to "talk union" to the members' families. Taking this a step further, volunteers sponsored by the unions could tutor children in their homes. How many thousands of youngsters might thus be induced to finish their schooling? This program could be expanded beyond retirees to the vast army of active union members who would respond to the call and devote time and effort serving their unions as "home ambassadors" or children's tutors, either way as emissaries advancing the programs and policies of labor.

■ The Spirit of Equality

Of particular interest in light of advances made recently in labor/management relations is a section of the report dealing with employee involvement in the decision making process. The report states: "We understand that confrontation and conflict are wasteful and that a cooperative approach to solving shared present and future problems is desirable." However, the report goes on to say: "The



problem always is finding those who wish to cooperate in a system of true equality—and until the time our desire for cooperation is fully reciprocated, unions must maintain the ability to meet employer confrontation.” Here, then, is an open invitation to employers to join with labor in ameliorating the adversarial nature of their relationship and to become partners in solving problems of mutual interest and concern. Some employers have already responded to this call. It would be the better part of wisdom—for the good of the nation and their own long-run self-interest—if such an attitude on the part of the business community were to become a wave, rather than the current trickle.

Equally vital is the report’s recognition of the “particular insistence voiced by workers, union and nonunion alike, to have a way in the ‘how, why, and wherefore’ of their work. These needs and desires are being met in some cases by union-management programs affording greater worker participation in the decision making process at the workplace. Several major unions have developed such programs and report a positive membership response. The labor movement should seek to accelerate this development. Quality of work life programs can only serve their humanizing purpose when they are based on the concepts of work dignity and equality and grounded in collective bargaining.”

While the report expresses a caveat that such programs are used by certain employers as a device for union avoidance, it is evident that the use of gimmickry by management will “engender disappointment and discontent.” It behooves the labor movement to convince employees that the use of such programs by antiunion employers represents another attempt at control by autocratic

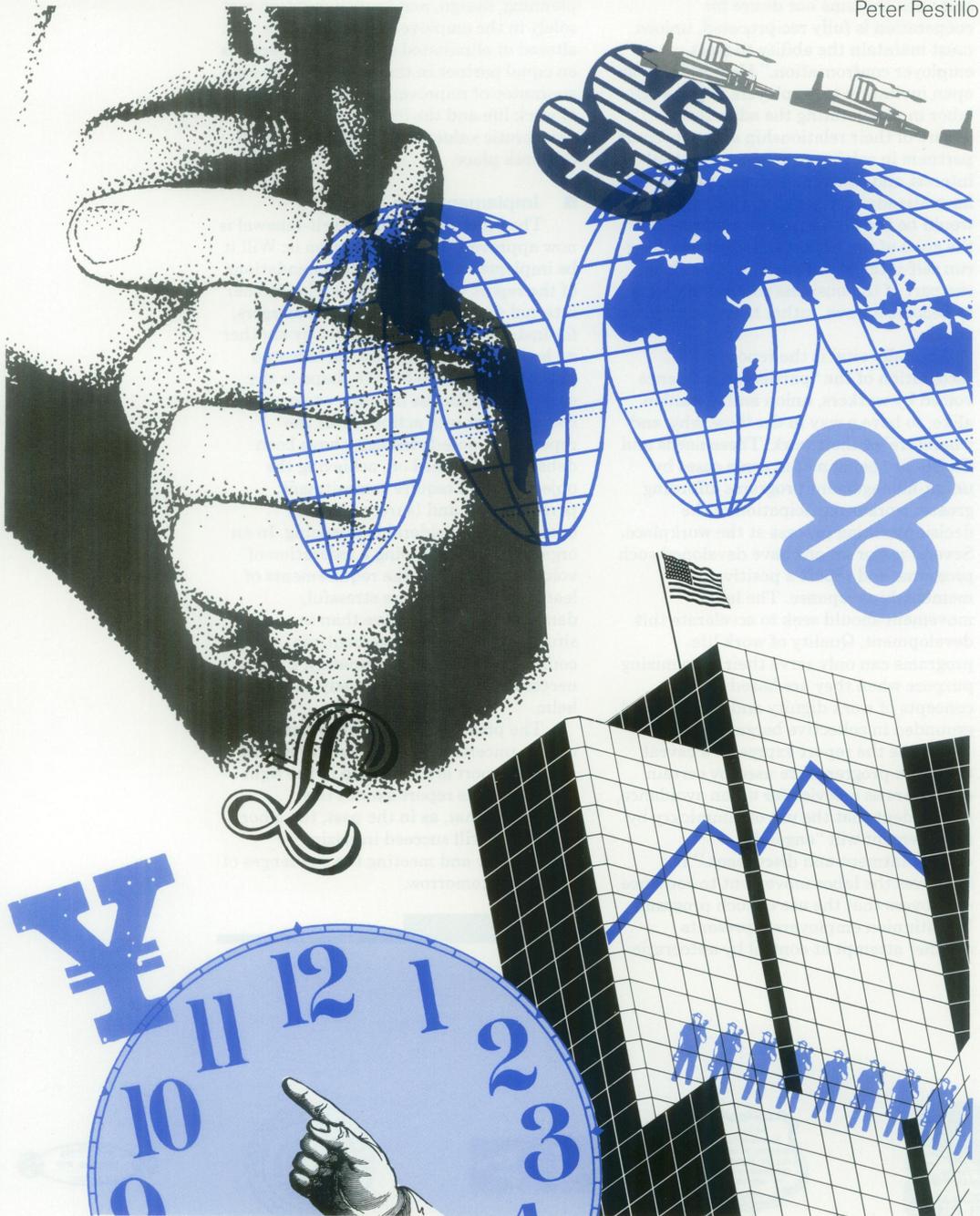
management—however benevolent it might appear to be—as long as the planning, design, and implementation rest solely in the employer’s domain, to be altered or eliminated at will. The union, as an equal partner in the process, is the only guarantee of improvement in the quality of work life and the introduction of democratic values and employee rights to the work place.

■ Implementation

The blueprint for union self-renewal is now approved. The \$64 question is: Will it be implemented? Some recommendations of the report will no doubt require further internal discussion. The issue of mergers, for instance, will be considered by another ad hoc committee. The action-oriented proposals will have to take shape in the continuing dialogue necessary to convert the blueprint into action. After the report’s proposed strategies have been debated and agreed on, achieving the objectives will require commitment, perseverance, and (surely not to be overlooked) considerable financing. In an organization comprising a federation of voluntary affiliates, the requirements of leadership are far more stressful, demanding, and sensitive than in situations where management can command response. Fortunately, the necessary leadership is already at the helm.

The pressures of the current crisis—and an uncertain future—call for action, and the report is a vital step in the right direction. The report exudes the confidence that, as in the past, the labor movement will succeed in seizing opportunity and meeting the challenges of today and tomorrow.







Commissioning “The Changing Situation of Workers and Their Unions” was a worthy and important exercise for the AFL-CIO that produced a somewhat useful and interesting report. But to one who saw in it a hope for revival, it is disappointing.

The report seems to blame the union’s mirror-revealed ravages of time on unscrupulous employers and on the unkind and unknowing media. There is little awareness that a large part of the problem lies with the unions themselves, which haven’t grown much ideologically since the ’30s, while would-be members, would-be employers, and the world at large have.

That the American trade union movement is in trouble is beyond dispute. Forget their declining membership, which is partially masked by the tremendous growth of public sector unionism. Note that with the possible exception of Spain (an unseemly comparison), we are the least organized of the free industrial nations. Note that American unions now lose more representation elections than they win, even though they have virtually complete control over when such elections are called.

Certainly, increased sophistication on the part of management (sometimes purchased in the form of so-called union busters) is a factor in their decline, but labor would be better served by asking why there is this new, determined, expensive resistance to organizing than they are by railing against its unfairness. It is puerile to suggest—as the report does—that President Reagan’s breaking of the Professional Air Traffic Controllers Organization (PATCO) strike had much to do with this “new” mood and behavior of employers. In fact, few unions have exceeded PATCO in amateurishness and illegality, and increased resistance to organizing was noticeable well before the current Administration came to power.

There are two principal reasons for the increased reluctance of employers to accept unions: the greatly increased need

of American businesses to be internationally competitive from their domestic operations and the related belief that organized labor represents a major impediment to that competitiveness. Nowhere does the report deal with these issues. This is a major flaw, because it is these issues that unions must face if they and we, whose employees they represent, are to survive and prosper in the manner we all desire.

In times past, those of us who avoided competing internationally from our domestic plants (in part because of the materially higher domestic wage rates) took some comfort in knowing that foreign companies with lower rates couldn’t effectively compete with us here. But that is no longer true in auto, steel, electronics, footwear, and countless other industries. Those of us who have stayed to fight cannot ignore the rates of wage increases and impediments to productivity, and many employers despair that labor has not learned the new facts of competitive life. Indeed, many of these employers have become adept at leaving organized labor behind.

The AFL-CIO report does little to dispel the widely held notion that the union movement has not done much to change. While there is talk of improved image (and, regrettably, in this television era we are all measured by “visuals” and ten-second “sound bites”), there is too little recognition of new realities. New media techniques aren’t useful tools to tell old stories if the old stories aren’t good ones. Pointing out that unionized employees earn 33% more than their nonunion counterparts without worrying that, for some, those hard-won advantages could be the ticket to an unemployment line smacks too much of Gompers’ day.

■ **The Need for Cooperation**

Since this report so clearly represents the voice, and therefore the force, of the leadership of the trade union movement, the failure to call for cooperation to make American industry competitive is a particularly grave oversight. Cooperation with management is not as long-standing



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or as fashionable here as in West Germany or Japan, so local union leadership needs constant reinforcement; they won't cooperate instinctively, because their political senses are not so attuned. This is not a plea to reduce our wage rates and standard of living to Asian levels. But it must be understood that an American job at \$10 an hour more than the equivalent Japanese job can't be very secure—especially if there are also needless restrictions on the contributions of the American worker. Certainly union leaders can impose conditions to guarantee that the tasks be reasonable and that employers play fair. But unless American employers get trade union help in taking the shackles off, we'll have no choice but to take the wages down or the work out.

Beyond this, the study hits a few important targets. A key one is the need to improve organizing. The report admits that prospective members are smarter, more demanding, and more independent. Employers, to the study's dismay, are craftier. The report says correctly that the process of organizing hasn't received sufficient attention from the unions.

Too many organizers are still people who have failed at something else or who have been rewarded for doing something else. Most still seem to be fighting the fights of the '30s, not understanding why a generation that is better educated, has never known uncompensated unemployment (let alone the Depression), and has seen dissent venerated doesn't really care about group rights and needs—or unions. The "Me Generation" is no organizer's paradise. The document deals with this problem effectively.

The new types of organizing techniques, such as "campaigns," may be the most important and enduring issue covered in this document. Those of us in the field are familiar with several of these labor campaigns, some of them successes. I would point out, however, that many of the masters of this technique are "outsiders." Are their efforts much different from those of the consultants to management of whom labor complains? If the objective of campaigns is to provide fairness and assurance of free, individual choice not otherwise available, fine. There is nonetheless the possibility of coercive pressure, and thus the denial of free choice

for the workers. Organized labor is not without responsibility for seeing that the line of fairness is not crossed.

The document speaks of finding new matters of interest to workers in addition to wages, hours, and working conditions, and also urges consideration of new categories of membership—a sort of holding tank pending more favorable organizing conditions. These areas are interesting, but I don't see much happening in the near term. I think the labor movement will find its hands full just doing the work it already has, rather than trying to be a new kind of Elks Club.

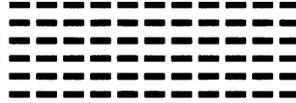
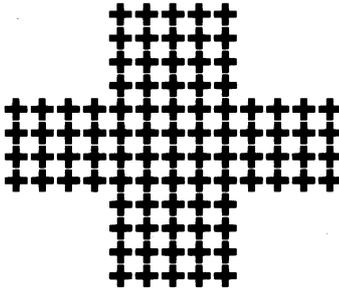
■ Victims of Success

I suppose it's easy to throw stones at America's unions. They are the victims of their own success. They survived violence, economic depression, attempted infiltration for political purposes, unfair laws, and the like. Through it all, they have come to play a major role in how we run our country and conduct our businesses and our personal lives. Despite their declining membership, they remain the most important wage-setting force in the country. We sometimes forget that our unions are young as institutions go, and some are still evolving from the personal causes of charismatic leaders to the more prosaic and less exciting businesses they are today. It's a tough transition.

I wish our unions well as they continue to grow and change. I'm a product of the system they improved, and I make my living working with them at what they do most often, if not best. I think the country would be ill-served if the importance of unions were further reduced. In fact, I take comfort in a comment Doug Fraser once made to the effect that if we (management) were lucky enough to drive unions off, we'd soon be dumb enough to revive them.

This report is a start. I applaud the effort. As a primer for organizing alone, it has some good ideas.

Success always brings responsibility, and there is an ever-increasing need for leadership by our unions in the quest to make America again a land of opportunity. After all, it doesn't make a lot of sense to gain representation rights in dying businesses.



The AFL-CIO report is a remarkable document. It offers a sober and well-balanced account of what has happened to the American labor movement recently (mostly not so good) and what can be done about it (mostly good). Equally important, it does not scapegoat others or blame harsh and undeserved fate. Yet, while I agree generally with both the analysis and with the proposed solutions, I question whether either goes far enough.

On the analysis, my reading of the problems is that they run deeper than the report indicates. Here are some of the underlying issues that the report fails to consider:

- The welfare state, which organized labor did so much to create, has reduced the inequities in the American economy and social system, and, as a result, has taken away a reason to organize. The labor movement is thus a victim of its own success.
- The labor movement grew, in large part, out of one-industry towns and working-class districts where grievances were commonly shared. Today, union workers in America are part of the middle class, no longer a class apart. They live in the suburbs of metropolitan areas.
- Oppositional forces now exist in the United States more on a horizontal and less on a vertical basis than they once did. The old vertical basis saw the worker below versus the capitalist

above, poor below versus rich above, powerless below versus powerful above. At that time, the labor movement was seen to be on the side of justice and on the side of the greater numbers, and democracy gave it a great weapon. Now, new horizontal oppositional forces run on lines of race and of sex, peace and war, environmental protection versus exploitation. These lines divide the union movement within itself; and the union movement as a whole has sometimes seemed to many Americans to be more on the side of injustice than justice in the cleavages that have arisen along these lines of dispute.

- The trouble with the labor movement is the trouble with America. Michel Crozier, the French sociologist, in his 1984 book *The Trouble With America*, describes how he first saw this country when he came here in 1947-48 to study the trade union movement: "The people...believed so deeply and so sincerely in unlimited social progress, free from violence and revolution, fueled only with sincere dialogue." In the early 1980s, when he returned, he concluded that "the dream had faded." The trade union movement had been part of that dream.

On the proposed solutions, I find them mostly reasonable in their totality and innovative in some of their parts. They do not show hostility; they are not antisocial; they are fully compatible with a democratic, pluralistic society. But I would put more emphasis on the following



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than does the report:

- Looking more at certain emerging segments of the labor force—women, youth, and immigrants in the millions (people who are more disposed toward unions, the polls show, than are other employee groups)—to see what can be done for them. And much more can be done.
- Looking even more at certain emerging segments of the employment structure—government, services, the professions—to see what can be done there. Unions have advanced recently only in the government sector.
- Looking at jobs on what I call the “social firing line,” where the holders are called upon to apply the laws of the larger society in the face of the resentment of less-advantaged segments of the population—policemen, firemen, social workers, teachers in ghetto schools, employees in the emergency rooms of inner-city hospitals. They face intense stress with insufficient public understanding.
- Looking at the “bad” jobs in the economy—jobs without seniority, with little chance for promotion, with poor working conditions, with disagreeable assignments. Unrest in these jobs is endemic. The union movement has traditionally concentrated more on the older established workers, on the crafts, on manufacturing, and on transportation—on the “good” jobs. The opportunities for greatest improvement in job conditions may lie elsewhere.

I should like to make one further suggestion: The system of industrial relations in the United States is now in four separate sectors with four different sets of problems, and this means that analysis and solutions should be disaggregated. The four segments are:

- The “safe islands” of local crafts and services and manufacturing where unions have fully organized the labor market.
- The “contested territories” where deregulation and intensified competition between unionized and nonunion sectors have led to demands for givebacks, to “outsourcing” of supplies, to location of new operations in nonunion areas, to strikebreaking

and union-busting. The wage differentials between union and nonunion workers have doubled or tripled over the past 25 years, from 10%-15% to some 30%. As a consequence, the battle in the contested territories has intensified.

- The “partnership areas” where corporations and unions, in the face of international competition, are mutually seeking ways to improve quality of product, productivity, and work life in order, jointly, to survive. Some great progressive developments are taking place here.
- The “third-party arenas” of government employment where the public, political authorities, bureaucratic formulas, fact-finders, and arbitrators are usually the ultimate sources of solutions to labor conflicts, rather than the raw power or the judgment of the parties directly involved.

In short, these situations vary from business-as-usual between the parties, to confrontation, to cooperation, to third-party settlement; and the solutions must, and will, also vary.

Finally, we must remember that the unions lost much ground in the 1920s, but they recovered. Once again they have lost ground and may well recover again (although certainly not so spectacularly as in the 1930s and 1940s). That they should recover, or at least maintain their still substantial basic strength, is important in a pluralistic nation where we need balances of power, and where we fear unchecked authority in the hands of any one economic force. The continuation of unions is important also in a democracy; we should not forget that it was the unions that drove out the ideologically antidemocratic forces (the Communists) in the 1930s, '40s, and into the '50s when they had found footholds in American economic life. Moreover, and in any event, the freedom to associate is a basic right.

The union movement will and should continue. One reason that it will continue is that, as the AFL-CIO report recognizes, there is now a new economic world order and the unions, as well as many other institutions, are needed to help the nation adapt constructively to it.

PROJECT OUTLOOK**Forecasts by the Club of 1000 of events critical to the future of business**

There are certain macro trends that almost every businessperson assumes will continue to play themselves out into the future: Computers will continue to proliferate, services will continue to replace manufacturing in the developed world, the population of the globe will continue to expand rapidly, the demand for citizen/worker participation will continue to increase. The list of such commonly accepted dominant trends can be spun out to include all manner of budding economic, social, political, economic, and technological developments that seem certain to further unfold in coming decades. And there is no doubt that many, if not most, of our collective premises about the future will, indeed, bear out. The world's population, for instance, is certain to increase barring only some ghastly catastrophe (whether human caused or natural). But not all significant trends are immune from change and thus fated to play themselves out as direct extrapolations of existing conditions. Imagine, for example, if one had mapped the trend of the U.S. economy between 1919 and 1929, and then went on to forecast (quite reasonably, it would have seemed at the time) that the trend of affluence would continue for the next decade! Or suppose one had looked at the social status of women in the U.S. between 1945 and 1965 (20 years of a constant trend would seem to be a fairly sound base from which to hazard a forecast). Had one then forecast more of the same for American women, one would, as it turned out for many futurists and social commentators, have had a considerable amount of egg to remove from one's face.

The point is this: Sometimes commonly understood macro trends are incompatible, and their collision produces dramatic changes in social directions. Moreover, unexpected events can, and frequently do, occur to upset some of these trends, further clouding our view of the future. The purpose of Project Outlook is to try to imagine some of the "unexpected" conditions that might upset our best-laid plans. In each issue of *NM*, we analyze a few of the 150 potential events we monitor in the direct context of familiar macro trends that appear to be dominating our future. We are not in the business of *predicting* the future. Instead, we seek to help you to consider how a broad range of future events (some with extremely low probabilities of

Project Director:**Selwyn Enzer****This issue:****Manufacturing in the Postindustrial Society**

occurrence) *might* influence (either foul-up or enhance) your business plans *if* they were to occur.

The Club of 1000: Once a year, USC's Center for Futures Research polls a large panel of people actively concerned with the future environment of business. This informal panel, "The Club of 1000," shares its forecasts of 150 possible social, political, economic, and technological events. Since no one person can be an expert (or even mildly well-informed) on all of these diverse items, each panelist selects those few future events on which he or she has the most information. For each item they select, panelists forecast the probability of its occurrence over the next 20 years, giving their best estimates of when each event is most likely to occur within five year intervals. The "Probability by 2004" and the "Most Likely Date" reported here are the median forecasts from the most recent survey.

Who are the panelists? Most are corporate planners, consultants, and futurists. The panel has a broad range—both geographically, with members in Europe, Asia, and Australia, and philosophically, including academics from many disciplines and executives from many industries.

Would you like to become a member of the Club of 1000? If so, drop a line to:

Selwyn Enzer, Associate Director
Center for Futures Research
Graduate School of Business Administration
University of Southern California
Los Angeles, CA 90089-1421.

Please include the following information:

Name, Title, Highest Educational Degree and Field(s), Areas of Expertise, Organization, Street, City, State, Zip, and Phone Number.

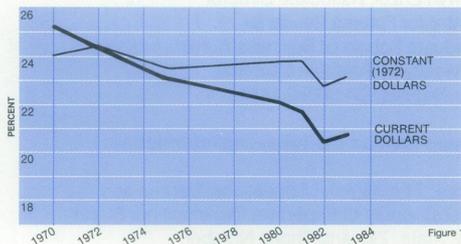
As we approach the 21st century, some implications of the postindustrial society are becoming clearer. Developments in information technology and automation continue to have a strong impact on both the office and the factory, but it is in manufacturing, not service work, that this process is generating the greatest concern. A workerless factory is more threatening than a bank with automatic tellers, since a displaced factory worker not only has more difficulty finding a new job, but often must undergo extensive retraining and geographic relocation. In other words, a complete mid-life upheaval is needed to make the displaced blue-collar worker employable.

While there is reason to be concerned with manufacturing as a source of employment, we must also be concerned with the role of manufacturing as part of the national economic base. Significantly, the decline in manufacturing employment does *not* mean that manufacturing is in poor health or economically less important than it was in the past. To understand this fact, we must look not just at employment, but also at other measures of manufacturing performance.

MACROTREND #1 U.S. PRODUCTION AND CONSUMPTION OF MANUFACTURED GOODS

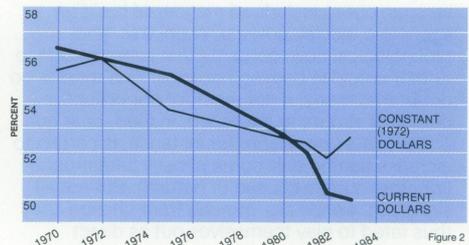
One of the better overall measures of the health of the manufacturing sector is its contribution to the gross national product (GNP) and to the personal consumption expenditure (PCE). The manufacturing share of the GNP is presented in Figure 1 in both current and constant dollars—the latter curve being an accurate measure of the quantity of goods produced. These two indicators show that, since 1970, the manufacturing share of GNP declined almost 20% in current dollars, but was virtually unchanged in constant dollars. In other words, the quantity of manufactured goods produced has been essentially constant, but the value of this output has not increased in price as rapidly as has the value of the output of the other sectors that contribute to the GNP, especially the service sector.

U.S. MANUFACTURING OUTPUT
Percent of Gross National Product



Looking now at the graph representing consumption (Figure 2), we see that the share of the PCE devoted to goods (as opposed to services) has declined in both current and constant dollars, although the decline has been somewhat less in the latter measure. The share of the PCE devoted to goods is considerably greater than the manufacturing share of the GNP because the output from many services is included in the PCE for goods (such as retailing, transportation, and the like). Price increases in these *services* are the primary reason why the share of the PCE devoted to *goods* has not declined further in constant dollars.

U.S. GOODS CONSUMPTION
Percent of Personal Consumption Expenditures



In effect, these data show that the relative quantity of goods produced and consumed in America has not changed substantially since 1970. Yet the relative portion of our spending devoted to these goods has declined. Based on this, it is difficult to classify as "unhealthy" a manufacturing sector that is maintaining its share of economic output, while increasing the efficiency with which it produces that share.

This trend toward more efficient manufacturing is almost certain to continue, because of the explosive technological progress taking place in automation. To the extent that these efficiencies result in higher quality, lower cost products, consumption will also grow. The greatest sources of uncertainty in this regard involve our ability to maintain economic health and the cost of energy and raw materials. Some of the events from Project Outlook that can affect these trends have been presented in previous issues (e.g., Investment Incentives, National Planning); some others are the following:

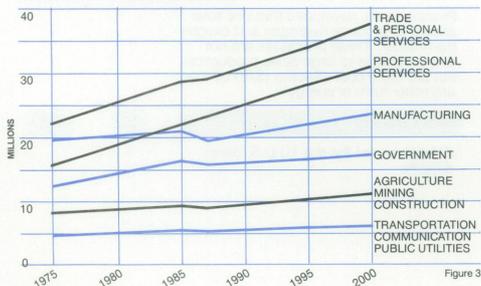


EVENT	Probability by 2004	Most Likely Date
Nuclear Fusion Commercial use of nuclear fusion becomes technically feasible.	.50	2001
National Communications Network A broadband communications network for business and family users in the U.S. is developed.	.80	1995
Recycling The U.S. adopts a program to maximize recycling of nonrenewable materials. The program includes such things as specifications of design guidelines, a collection network to facilitate recovery of materials, and tax and rebate incentives to assure that reusable goods are recycled.	.50	1997
Electric-Hybrid Vehicles A hybrid automobile using batteries plus an auxiliary gasoline, natural gas, or similar engine is mass produced.	.50	1998
Limits on Federal Spending A constitutional amendment is adopted limiting federal expenditures to no more than a specified percentage of GNP (e.g., 35%).	.40	1991

MACROTREND #2 MANUFACTURING EMPLOYMENT IN THE POSTINDUSTRIAL SOCIETY

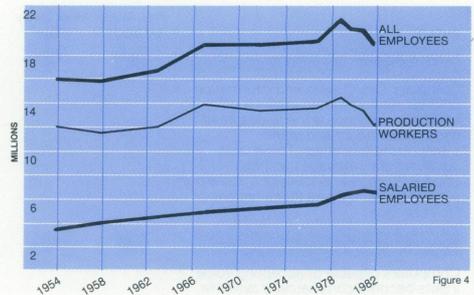
The Data Bank in Vol. 3, No. 1 of *NM* illustrated that the U.S. labor force is growing more rapidly than the population. The converse is true in manufacturing, especially with regard to production workers. The employment projections in Figure 3 show past and projected U.S. employment levels broken down into six major economic categories. Most of the historical growth has been in retail and wholesale trade and in personal and professional services. These trends are considered very likely to continue in the future, particularly with regard to manufacturing employment.

EMPLOYMENT PROJECTIONS



In addition to a decline in the relative proportion of manufacturing jobs, there appears to be a shift from "brawn" to "brains" taking place in manufacturing work. This can be seen in Figure 4, which shows the changes in the number of manufacturing employees who are production workers as opposed to those who are salaried workers. The number of production workers seems to have topped out at about 14.5 million in 1979, while the salaried workers are increasing steadily. (This figure may be distorted by the fact that some progressive manufacturers now pay their blue-collar workers on a salary basis, but this New Management trend is probably too limited to be significant.)

MANUFACTURING EMPLOYEES



If we look at productivity trends in the manufacturing sector, the impact of the changes in labor and capital utilization becomes even clearer. Figure 5, which shows the manufacturing value added per payroll dollar for production workers and for all manufacturing workers, indicates that the efficiency of production workers is running well ahead of that of manufacturing employees in general. This has happened because the production side of manufacturing is becoming more capital intensive, while the nonproduction side is becoming more labor intensive.

MANUFACTURING PRODUCTIVITY Dollars of Output Per Dollars of Wages



But increased productivity is not shared by all manufacturing industries. In the auto industry, for example, productivity per dollar of production worker wages has exhibited a declining trend since the early '70s. This may be a result of upward pressure on wages from strong auto worker unions, and downward pressure on prices from intense international competition and the excess production capacity that exist in the industry.

In the future we may see a resurgence of manufacturing employment, since the menu of opportunities for new products and increasing productivity is so large that it would make any creative mind drool. The raw material for some of these inventions can be found in the following Project Outlook events:

EVENT	Probability by 2004	Most Likely Date
Limited Artificial Intelligence	.80	1995
Computer-based sales and information units employing limited versions of artificial intelligence are in widespread use in retail stores and public transportation facilities. These units speak several languages and can conduct complete discussions in narrow subject areas, such as travel options or life insurance.		
Voice Inputs to Computers	.90	1993
Computers capable of accepting voice inputs become commercially available.		
Super Battery	.60	1995
A battery is developed with 10+ times the energy/density ratio of the present lead/acid battery.		
Electronic Mail	.80	1992
The U.S. Postal Service (or some private carrier) introduces an electronic mail system for domestic letters. The addressee may obtain the mail from any of the "automated postal clerk" machines that are located in many post offices and shopping centers.		

MACROTREND #3 INTERNATIONAL IMPLICATIONS FOR MANUFACTURING

The amount of "production work" to be done in the postindustrial society will increase, not decrease, as the society becomes more affluent and consumes more. What is not known is how this production will be distributed: How much will be done by people and how much by machines? How much in the developed world and how much in the less-developed countries (LDCs)? The competition between low-cost labor in the LDCs (and in the newly industrializing countries) and capital-intensive robots in the developed world is likely to continue for many decades to come. Many factors will affect the outcome of this competition. On balance, technological progress and low cost energy will

favor the robots, while rapid change—the handmaiden of technological progress—will reduce the productive life of capital-intensive equipment, thereby favoring labor-intensive operations.

One innovation likely to emerge is manufacturing partnerships between corporations with strong knowledge and marketing bases in industrialized countries and companies in LDCs with strong comparative advantages in labor-intensive production. These partnerships would facilitate technological transfers to the LDCs while strengthening manufacturing in the U.S. and other developed countries. While this would increase overall manufacturing employment in the developed world, it would not increase the level of production employment. In almost every scenario, the trend is toward fewer production jobs in the U.S. and the other developed countries.

One of the underrecognized aspects of the computer revolution is its potential for increasing the capabilities of the semiskilled workforce in the LDCs. Portable low-cost computers (particularly as expert systems using artificial intelligence are developed) will make MDC-LDC partnerships much more attractive. Some of the events in Project Outlook that will contribute to this partnership trend are the following:

EVENT	Probability by 2004	Most Likely Date
International Barter Agreements	.60	1992
Barter agreements come into common use, particularly between industrial nations and raw material producers (e.g., one complete petrochemical plant for X tons of crude).		
True Portable Computers	.80	1994
Pocket-sized computers with the capability of the current IBM PC are in widespread use.		
Restrictions on Foreign Investment in the U.S.	.30	1993
The federal government enacts measures that restrict foreign investment in the U.S.		
Hydrogen From Solar Energy	.40	2000
Processes are developed that use solar energy to produce hydrogen and oxygen from water. These processes are not only amenable to large-scale production, but are more cost effective (\$/BTU) than any other form of energy.		
Bank Defaults	.50	1991
At least one of the top 10 U.S. banks defaults.		

MACROTREND #4 U.S. EMPLOYMENT IMPLICATIONS

The decline in employment in the manufacturing sector, already evident in current U.S. statistics, may become even more widespread as the postindustrial society matures. In the future, it is quite possible that Americans will work less and obtain a greater portion of their incomes from investments and transfer payments. This trend is already evident in national income. As can be seen from the data in Figure 6, manufacturing wages have declined from about 29% of the nation's total wages in the early '70s to about 24% in 1983, while over the same period the portion of income from all wages declined from about 68% to 60%, with the difference coming from investments, especially interest income and transfer payments. With the growth in pension funds and personal retirement accounts, such sources of income are likely to be of increasing importance and controversy in the postindustrial society.

PERSONAL INCOME SOURCES

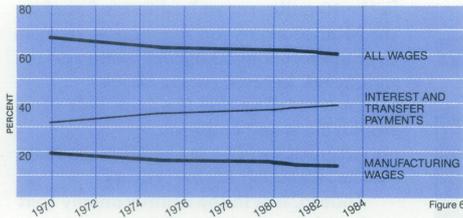


Figure 6

There is a paradox in this statistic: The decline in wages as a proportion of the national income is occurring even as employment is reaching all-time highs. It appears that we are working more and earning less. This reflects the disparity in wages between the highly paid manufacturing jobs that we are losing and the lower-paying jobs that we are gaining in the growing service sector.

Even though manufacturing jobs may not be plentiful in the postindustrial society, work is likely to continue to be very important, both because our commitment to progress will require tremendous amounts of creative energy and because work will remain the primary mechanism for allocation of wealth. Some of the events in Project Outlook that indicate our continuing concern for work are as follows:

EVENT	Probability by 2004	Most Likely Date
Restrictions on Overtime	.45	1995
Work Incentives	.50	1991
Mandatory Public Service	.30	1995
Right to a Job	.20	1996
Regulatory Activity Increases	.45	1994
No Minimum Wage	.10	1993

Large employers are prohibited from using overtime when there are unemployed, qualified applicants for the work involved.

Welfare programs are restructured to greatly encourage the unemployed to seek employment.

All 18-year-olds are required to provide at least two years service to the government (either in the military or in some other program).

Large employers are required to provide jobs for involuntarily unemployed persons in proportion to their number of employees and the number of job applicants.

There is significantly greater use of private sector regulation as a tool for income distribution (e.g., low-cost housing, lifeline service).

The minimum hourly wage is eliminated.



THE UNION REPLY I



ur critics' comments can be condensed into three generalizations. Before responding to those three general issues, however, I would like to point out

that the experience of the critics is limited primarily (if not exclusively) to the Supereconomy—that is, the economy dominated by the *Fortune* 500, which has been rapidly distilling itself into fewer and fewer giants during the current decade-long wave of acquisitions, mergers, spin-offs, shutdowns, greenmails, unfriendly takeovers, and bankruptcies. It is misleading to assume that labor relations in the 10 million or so businesses found in the Mini-economy are the same as those in the Supereconomy. This distinction is significant, because nearly all job forecasters tell us that the great bulk of employment and employment opportunities will be in the Mini-economy for the remainder of this century.

Indeed, it is in the Mini-economy that trade union organizing efforts have faltered most, and it is here traditionally where employers have fiercely resisted free trade unionism—and they still do. At the same time, labor standards are frequently at their worst in the Mini-economy. Minimum federal standards often do not protect workers in those firms. The National Labor Relations Act, even when interpreted and enforced as an employee protection, doesn't reach those millions of workers found in small businesses. And most states do not have little Wagner Acts. In fact, two-fifths of the states have laws that tell workers that they don't have to (and, by unsubtle inference, shouldn't) join unions.

For those who have wondered, then, why it is so difficult for unions to organize (even without the current "massive crime wave" of resistance, as Mr. Freeman forthrightly terms it), it has much to do with the exclusionary nature of American labor law. In contrast, the labor laws of our trade competitors in the NATO nations and Japan (Thatcher's U.K. excepted) cover a larger percentage of their workers

than do U.S. laws. For example, supervisory and middle management employees cannot, by law, have unions in the U.S., and agricultural workers, public employees, and public health workers are excluded from basic labor law protection. This is not the case in the rest of the industrialized free world.

Mr. Schrank is quite right: U.S. employers have never accepted the right of workers to have free trade unions. Neither have the other three members of the reigning quadruped in this country, namely: 1) academia (Messrs. Freeman, Kerr, Piore, and a handful of others excepted); 2) corporate media (in true journalistic fashion, Mr. Raskin never seems to quite know which side he's on—but you seldom have to guess about other media labor relations specialists, who know very well on which side their bread is buttered, and who have never enjoyed the independence and freedom of expression that a union could give them on the job); and 3) government (with macho management's man in the White House, who needs yesterday's tripartism to make the economy go 'round?).

With that in mind, let us now turn to the three generalizations found in the critiques of the report: 1) Unions probably aren't necessary anymore, and 2) where they do exist, they must give up their adversary role and cooperate with management, because 3) labor must give more and accept less of the nation's wealth if the U.S. is to survive as a global economic power.

■ The Necessity of Unions

I've already pointed out that unions are necessary in the Mini-economy if workers are going to achieve minimally decent wages, hours, working conditions, and job security. Middle managers and lower-level supervisors need unions, too, as do agricultural workers and public sector workers, even though the federal labor laws exclude these millions of workers from the right to organize and bargain collectively.

In the Supereconomy, unions are also

necessary. Given the undisputed fact that U.S. employers would almost universally opt to do without unions, there must be a reason why the organized giants don't exercise their union-free option. In the current reactionary political environment, they could certainly do so without fear of government rebuke. And, to hear them tell it, such a move wouldn't arouse the ire of the public, either. Most public opinion polls, however, give a much more positive response to the question "Are unions necessary?" than conventional wisdom and employer propaganda would have us believe. A 1982 Washington Post-Newsweek poll found that well over half of the nonunion workers polled said that they would join a union if they could. The Medoff, Harris and Kochan data (which covers the past 25 years) shows that over 75% of all workers agree that unions improve wages and working conditions, and over 80% have consistently agreed that unions are needed in order that the legitimate complaints of workers can be heard. In April 1985, the Gallup Poll reported a public approval rate for unions of 58%, compared to a disapproval rate of 27%; among families of union workers, 81% registered approval of their union. Moreover, all the Gallup figures showed more favorable opinions since the same survey was taken in 1981.

Probably the main reason why corporate America doesn't smash its unions is that, with its far-flung plants and facilities, it needs help in policing its workforce. What better way to do it than with a union contract! There are as many (or more) "dos and don'ts" for employees in the modern collective bargaining contract as there are for employers—who ensure that the local union representatives are weighed down with the responsibility of policing the contract. Should managers violate the contract, not to worry, because it is the union's duty to enforce it. This is a subtle form of intimidation, backed by a decidedly pro-corporate NLRB.

■ The Cold War

As for the much-ballyhooed grand

"Probably the main reason why corporate America doesn't smash its unions is that, with its far-flung plants and facilities, it needs help in policing its workforce. What better way to do it than with a union contract!"



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strategy of cooperation with management, the first question we ought to ask is this: Why should we cooperate with a management that in the case of the machine tool, automotive, shipbuilding, steel, and electronics industries—with aerospace and light civilian aircraft headed in the same direction—has delivered us into manufacturing decline and trade deficits? If the managers of these industries didn't know what they were doing a few years ago, what makes us think they know what they're doing now? We would remind our critics that we did not make the decisions that have led the economy into an economic swamp; nor was it the trade unions who so lustily supported the current government in its haste to get us there.

There's another query we ought to make when we're told we have to cooperate with management's new restructuring and production strategies: If management wants our cooperation in the workplace, then why does it so often plot our demise in secluded boardrooms and stab us in the back in the political economy? Cooperation is a two-way street. If management wants a firm commitment from trade unions, then the best way to get it is to call off the dogs and stop the current expensive, resource-wasting, antiunion binge that drives up prices and reduces dividends and that serves no other purpose than to create a predatory union-busting consulting industry. Stop the labor/management cold war before it becomes a hot war.

Cooperation? The Steelworkers tried it with the Experimental Negotiating Agreement and a no-strike clause that lasted 10 years. It is the steel companies, not the Steelworkers, who are scrapping that. The GM/UAW Saturn agreement is the wave of the future? Not in our book.

We must understand that there is a

West European model for cooperative labor relations, as well as a Japanese model. The West European model is much less autocratic and more democratic than the hierarchical Japanese one. For our dynamic, young, educated, and affluent workers, the West European model would provide as much challenge, exact as much skill, demand more individual ingenuity, and provide more opportunity for input into the decision-making process than is possible in the heavy-handed Japanese system with its strict discipline. The European model would also do much more to harmonize technology with traditional American social values than would the Japanese model. The former promotes high-tech creativity and skills; the latter creates high-tech coolies.

There is a wealth of data contained in the AFL-CIO report (and in other surveys taken over the years) indicating that most workers consistently rank money and job security ahead of all other desirable qualities in a job. Even a recent Business Week/Harris survey found that nearly two-thirds of all workers ranked income, and well over half ranked job security, ahead of such psychic rewards as employer recognition, self-direction, and self-expression on the job. It isn't a case of younger, better-educated workers choosing psychic rewards over monetary ones. They want both, and at the same time.

■ Global Competition

The third generalization, that labor must give more and accept less if the U.S. is to be internationally competitive, contains so many inconsistencies that I can't begin to discuss them all. But let's start with the notion that workers in the U.S. have priced themselves out of the world market. First we have to distinguish between industrialized democracies and

"If management wants our cooperation in the workplace, then why does it so often plot our demise in secluded boardrooms and stab us in the back in the political economy? Cooperation is a two-way street."



the newly industrializing nations (NICs), which by-and-large are not democratic, have no free trade unions, and have extremely low wages and poor working conditions. Compared with the NICs, American compensation standards are high. But the U.S. is not the country with the highest wages, and hasn't been since the mid-'70s. In 1980, the U.S. ranked ninth in total hourly compensation paid to production workers, according to Department of Labor statistics. What's more, during the '60s and '70s, average wages of West European industrial workers rose faster than those in the U.S. In fact, only Canada had lower unit labor cost increases than the U.S. during the years 1973-80; Japan's and West Germany's were much greater.

Historically, U.S. wages were high relative to the rest of the industrial world during most of the period in which we enjoyed trade surpluses. Trade deficits are occurring now that wages are low relative to those of our major trade competitors. If high wages are a crucial factor in trade deficits, neither the trade surpluses of the '50s, '60s, and early '70s should have occurred, nor should the trade deficits of the current relatively low-wage period be occurring. Similarly, it was during the high-wage period that annual productivity growth rates were at their highest. It has been during the recent years of declining wages that productivity has dropped off as well. Clearly, high wages are not the cause of our international economic decline.

Even Mr. Pestillo says that we can't take wages down to the levels of the NICs and the developing countries. Someone has to buy that which is produced, and workers in the NICs and the developing countries can't buy the big-ticket durables they are producing. And unemployed American workers can't buy them either. Rather than exploit labor markets, we

must create consumer markets through increased purchasing power.

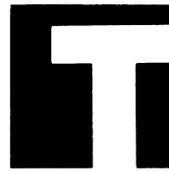
One final point must be discussed concerning the international trade quagmire. Everyone tends to talk in terms of nationalism, but in a global economy characterized by the unlicensed mobility of capital and all other resources except labor, there is a new breed of sovereign roaming the world: the multinational corporation (MNC). And when the U.S.-based MNC buys into foreign producing firms, sets up foreign producing subsidiaries, or licenses production to foreign firms—all for shipment of goods and merchandise back into the U.S. domestic market—then that U.S.-based MNC is the foreign competitor. What is good for the MNC's balance sheet and income statement comes at the expense of the national income accounts and the displaced, immobile U.S. workers. What's more, no other country in the industrialized world, in the NICs, or in developing nations permits its MNCs to practice international commerce in total disregard of its national economy and its own workers. Only the U.S. plays that suicidal game.

For those who insist that we in the trade unions should present an alternative to the policies, programs, and behavior that we so freely criticize, may I suggest that they review the International Association of Machinists' comprehensive economic development program, called "Let's Rebuild America." It is a framework for real labor-management cooperation in a global democratic and humanitarian context.

"No other country in the industrialized world, in the NICs, or in developing nations permits its MNCs to practice international commerce in total disregard of its national economy and its own workers. Only the U.S. plays that suicidal game."



THE UNION REPLY II



There are four charges in the discussion of the AFL-CIO report that I would like to respond to. They are that: 1) the report tries to scapegoat antiunion employers rather than confront internal weaknesses; 2) it doesn't adequately address the issue of union-management cooperation; 3) the AFL-CIO should consider abandoning politics; and 4) the AFL-CIO may not have the wherewithal to translate the exciting ideas outlined in the report into concrete programs. I think the first three points are just wrong. The fourth point is the critical question, and the one I will handle in the most depth. I am, by the way, very optimistic on this last count.

■ Employer Opposition

Schrank and Pestillo claim that the report improperly blames union-busting employers for the movement's membership slide. In fact, while the report rightly calls attention to this problem—it is a severe one—only a couple of pages (out of nearly 35) are devoted to it, and only one of the 28 recommendations is aimed at thwarting employer opposition. And while it is true that employers have always been opposed to unions (as Schrank points out), it is also true that this opposition is now carried on with greater expertise and ferocity. The report cites figures that bear repeating: "In 1957, the NLRB secured reinstatement for 922 workers who had been fired for union activity. By 1980, that figure had reached 10,000. Professor Paul Weiler of Harvard Law School has concluded that in 1980 there were at least 1.5 discriminatory discharges for every representation election conducted."

The extent to which this employer opposition has hurt organizing efforts can best be seen by looking at the success various unions have had organizing in the public sector, where employer opposition is not so intense. Raskin seems to think that public employees are easy to organize because they can put political pressure on

their employers. If that's the case, it's hard to explain why public employees were generally refused bargaining rights until the mid-1960s. In fact, the major reason for this success is that public employers seem to be the only ones in the country who feel obliged to remain neutral in collective bargaining campaigns. Plus, if public employers get out of hand, labor laws are fairly applied; and there has rarely, if ever, been a public employer who refused to sit down and negotiate a contract after a union was recognized.

Schrank suggests that a more pressing reason why professional workers shy away from unions is that they themselves come from blue-collar families, and to them, joining a union would be a sign that they hadn't quite made it. My own experience agrees with Schrank's—which is why we in the labor movement need to address the issues of image outlined in the report. Nevertheless, the massive organization of white-collar public employees shows that, given the opportunity to run a fair campaign, unions can overcome the image problem. AFT, CWA, AFSCME, and SEIU have all defeated independent professional associations that tried to paint the AFL-CIO as a blue-collar organization. My own union is one of the best examples in this regard: Primarily an organization of professional public employees, it has grown from 50,000 members in 1960 to over 600,000 today.

■ Cooperation, Not Surrender

Pestillo says that the report evades the issue of cooperation vs. confrontation. I disagree. In fact, the report states clearly that "confrontation and conflict are wasteful and that a cooperative approach to solving shared present and future problems is desirable." Moreover, the report is riddled with reminders that most workers don't dislike their jobs; they seek job satisfaction, dislike confrontation, and want their companies to be healthy and competitive. The report also points out that many workers fear that unions will foster confrontation and impose rigid, unhelpful work rules, thus diminishing

(not enhancing) job satisfaction. The implication for unions is clear: either adopt more cooperative, more flexible approaches to contracts, or take continued membership losses.

Unless Pestillo expects unions to lay down and die, I don't know what more he wants—which raises an important question: When Pestillo and other employers talk about union cooperation, do they actually mean union surrender? Will business try to take advantage of labor's cooperative spirit? What will happen to workers and the union when a cooperative manager is replaced by a less cooperative one? Will the union find that, having agreed to change the rules, it has then left itself wide open to attack by a new, confrontational employer?

There is a basic question here: Employees clearly need a union if they are to be engaged in conflict. Adversarial relationships require collective strength, and there are still many places where employee gains will only come from traditional, hard-line conflict. But do employees need a union in order to engage in cooperation? I think the answer is yes, but it will require an inventive spirit on our part. Cooperation will work and has worked best in those industries where the union is strong and secure; Pestillo's own company (where the UAW is strong) is a good example of that.

■ "Big Labor" in Politics

Freeman suggests that because labor's political activity contributes to a "Big Labor" image, unions should reduce or downplay their political activity. He presents a genuine dilemma. Clearly, labor cannot afford to simply abdicate its role in politics. Too many worker and union protections are guaranteed through politically determined laws and regulations, and labor remains a critical political voice on behalf of the nation's disadvantaged.

But politics seems to be an issue where we just can't win. In 1972, '76, and '80, labor was all over the lot. There were unions supporting the Republican

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Albert Shanker is president of the American Federation of Teachers and vice president of the AFL-CIO, where he ranks fourth in seniority on the Executive Council. He holds several other offices, including president of AFT's New York City local, the United Federation of Teachers, and president of the International Federation of Free Teachers' Unions headquartered in Brussels. For the past 15 years, he has written a weekly column, "Where We Stand," which appears in the Sunday *New York Times* and some 60 other papers.

candidate in each of those years. Other unions were behind each of the different Democratic contenders. As a result, labor was accused of being disunited, weak, and ineffective. And, in fact, it was weaker: Because of the disunity, the AFL-CIO elected disproportionately few delegates to the Democratic convention. In 1984, in contrast, labor was united and secured a large number of delegates. The result: charges of "Big Labor" and "Special Interests." If we only have these two choices, it's better to be in the stronger position with more delegates. However, the '84 experience may help us define a third option—one where we can be politically active, but with greater understanding and support from our members and the public.

■ Unions and the New Worker

The big question (alluded to by several critics) is: Can the trade union movement reorient itself to appeal to the new worker who is as interested in self-fulfillment, job satisfaction, product quality, and a healthy company as in wages and fringes? In other words, can unions go beyond their role as bread-and-butter agitators? Can they find ways of reaching out to service workers, white-collar employees, professional and technical workers, women, Southerners, Westerners, and other nontraditional union members? And, just as important, can the labor movement strengthen itself internally so that it can more effectively represent its members in all sorts of arenas?

I think the answer is yes. Many of the ideas presented in the report are already being shaped into creative proposals for broadening the appeal of trade unions, for building membership, and for increasing AFL-CIO strength at the local, state, and national levels. Among the most exciting of these new ideas—one that reaches out

to nontraditional members with a nontraditional appeal—is the call to open up AFL-CIO membership to individuals who are not employed within a traditional collective bargaining unit.

A little background: There are millions of employees who have moved to jobs in nonunion industries who would, if given the chance, maintain their union cards. Millions of other union members have retired and might like to maintain a union connection. Then there are the millions of employees (1/3 of all workers, according to our recent poll) who say they would like to belong to the AFL-CIO but who are not employed in union workplaces. Why should we deny them membership until they work in a place where 51% of the employees vote for a union?

Many of these workers might join the AFL-CIO and support the fight for Social Security, a decent minimum wage, occupational health and safety, and other labor goals. They could avail themselves of AFL-CIO publications and group insurance plans. The AFL-CIO could provide useful services like job counseling, retraining, referral services, and day care. Moreover, affiliate unions could appeal to these associate members on the basis of career-related issues: Unions could hold workshops and conferences on the future of the industry and on how employee participation could be enhanced. These would not be "near members," nor would this be another Elks Club. It could become, for employees, what the American Association of Retired Persons (with 19 million members) is for retirees—a strong, effective lobby that addresses key concerns and provides useful benefits and services. It would provide the AFL-CIO with an important new constituency that could be mobilized on key issues. And, among these sympathetic associate members, the AFL-CIO might identify

"Can the trade union movement reorient itself to appeal to the new worker who is as interested in self-fulfillment, job satisfaction, product quality, and a healthy company as in wages and fringes?"



future shop-level union leaders who could lead organizing efforts at their job sites.

We in the AFT (and other unions in the public sector) have always done this to some degree. We have traditionally chartered small locals wherever there was interest. We have now started to enroll individual teachers who are in school districts where there is not even a minority local. These are teachers who don't want to fight their principals and colleagues to bring in the AFT as the new bargaining agent, but who want to join AFT because they support our work on behalf of educational standards, and who want to get our publications, come to our conferences, and be part of a collegial organization that deals with issues important to them. Some of these members will remain associates, but many others—seeing that a union can offer them more than bread and butter—will surely go on to organize legitimate bargaining locals.

In sum, this report envisages an AFL-CIO that will have a more diversified membership than it has now. Will this work? We don't know. But if it does, the AFL-CIO could substantially increase its membership, its income, its political base, and its opportunities for organizing.

■ Strength at the Grass Roots

One of the most significant recommendations (and one not mentioned by a single reviewer) is this: From hereon out, local unions should be affiliated with their state and local AFL-CIO structures. Traditionally, local unions have not been required to join the state and local AFL-CIO—and only about half of them have. As a result, the AFL-CIO has typically been weak at the grass roots. Since most of labor's program (except some centralized activities like lobbying, research, and public relations) depends on effective state and local implementation, trade

union strength as a whole has been compromised. Strong state and local bodies in a position to respond to local needs and relate to local power structures could do more than almost anything to help make unions relevant, responsive, and effective. That the AFL-CIO is already moving on this issue—one that until now no one dared raise—is clearly an indication that the Federation is serious about implementing the recommendations in this report.

We view the report as a living document. The Committee that worked on it continues to meet regularly to follow up on its recommendations. The AFL-CIO Executive Council has spent considerable time addressing the major issues raised. Lane Kirkland has toured the country, attending conferences in every region, not only addressing large audiences, but also engaging in small group discussions with local rank-and-file leaders. Others are doing the same.

The one-on-one program, which seeks to establish a closer relationship between union officers and rank-and-file members, has been launched on a pilot basis. Many unions, especially the Autoworkers, Steelworkers, and Communications Workers, are actively participating in quality-of-work-life programs. The Communications Workers have negotiated a contract that drastically reduces restrictive work rules. The UAW and GM have agreed on a whole new way of running the Saturn workplace. (An important note: New arrangements that develop worker participation in management will be very limited unless the Supreme Court reverses its Yeshiva decision. Under Yeshiva, such employees could be ruled "supervisory" and would thus lose all union bargaining rights.) These new activities translate into new attitudes and, ultimately, a new image. I'm most familiar with my own union.

"New arrangements that develop worker participation in management will be very limited unless the Supreme Court reverses its Yeshiva decision. Under Yeshiva, such employees could be ruled 'supervisory' and would thus lose all union bargaining rights."





Is there any doubt that there's been a real change in what we stand for, what we propose, and in our image? Over the last few years we've embraced the reports calling for school reform, formed partnerships with the business community, dropped our traditional opposition to such issues as career ladders and merit pay. Our union has taken the lead in calling for a national teacher examination similar to the bar examination. We have called for the creation of "board-certified teacher specialists"—teachers with special competencies who would be paid more and would be responsible for hiring and training new teachers, and who would be employed part time by colleges and universities to educate the next generation of teachers. We have called for experimentation with systems of peer review—traditionally anathema—and asked our local unions to develop more professional, more effective procedures for dealing with incompetent teachers.

Each of these programs and proposals addresses the desire of our members to be part of a thriving, quality education establishment, to do the best possible job, to have more autonomy and discretion, and more input into the "hows and whys" of their institutions—generally, to be fulfilled and productive in their jobs. This new direction is being fleshed out as members meet and debate at national, regional, and local conferences and as state and local affiliates press forward with their own new ideas.

Some of these ideas will work, others will backfire. But throughout the Federation, there's a genuine commitment to experimentation and an atmosphere of exhilaration as we try new things. I think the result will be a strengthened labor movement—one more in tune with the American worker's desire to be an important part of a quality enterprise, one more effective in all sorts of arenas, and one more capable of meeting worker needs in both bread-and-butter matters and in matters of job satisfaction. This will be good for unions, good for workers, and good for America.



THE UNION REPLY III

Few labor-initiated documents have attracted the kind of attention—particularly from the press—that has surrounded the

publication of the AFL-CIO report. Representative of the media response was a *New York Times* editorial that called the report a “remarkable” document that should “provoke fresh thought about jobs, job protection, and what it is workers can do through their unions.”

While the comments prepared for this magazine by a distinguished panel of labor authorities run the gamut of opinion about the report and its conclusions, there seems to be a common thread linking the critiques: namely, that the report was a worthwhile exercise in articulating the realities of the day and in planning for a future that is evolving in the midst of dramatic economic, technological, and workplace changes.

For several years now, many of us in the labor movement have been concerned with the short-term mentality that has come to characterize all of the major elements of American society—from government to business to labor to academia. As America has applied short-term, band-aid approaches to its problems, other countries—notably the Japanese and several Western European nations—have pursued long-term strategies.

The results of this nation’s preoccupation with the short term have been startling. For the first time since 1914, the United States is now a net debtor. The American trade deficit grows larger each month. Precious little progress has been made with regard to the Federal budget crisis. And, all the while, America’s historic position as the world’s industrial leader has been gradually eroding, as other nations capture increasing shares of world markets in traditional basic industries as well as in the high-tech information industries.

It was against this distressing backdrop that the AFL-CIO Executive Council established the Committee on the



Morton Bahr is the president of the Communications Workers of America, with which he has been associated since 1951. He was a delegate to the 1976, 1980, and 1984 Democratic National Conventions and has chaired several New York State labor committees. He is currently a trustee of Nassau (N.Y.) Community College and a member of the Board of Governors of the United Way of America.

"Social forecaster John Naisbitt contends that 'those who anticipate the new era will be a quantum leap ahead of those who hold on to the past' and furthermore that 'if we can learn to make uncertainty our friend, we can achieve much more.'"

Evolution of Work in 1982 to review and evaluate the enormous changes that are affecting American workers and transforming the workplace. Social forecaster John Naisbitt contends that "those who anticipate the new era will be a quantum leap ahead of those who hold on to the past" and furthermore that "if we can learn to make uncertainty our friend, we can achieve much more." That kind of desire to anticipate what the future holds—and plan accordingly—prompted the leadership of the AFL-CIO to undertake this rather novel project.

■ The CWA Precedent

Much of the precedent for this project was established by our union, the Communications Workers of America (CWA). In an effort to prepare our members for a changing workplace, CWA created a special Committee on the Future at our 1981 convention. CWA was the first union (and one of the first organizations of any type) to embark on a project of this nature. CWA's Committee on the Future was charged with exploring what living and working in the information age would mean to American workers and to society in general. The 14-member committee spent almost two years in intensive study and research, hearing comments from a diverse group of experts from business, labor, government, and education. They interviewed union leaders and surveyed rank-and-file members in an effort to identify long-term goals for the union. The

final report emphasized training and increased organizing efforts as long-term priorities for CWA. As a result of the committee's efforts, CWA now has in place a framework for the future, created with the long-term security of workers in mind.

It was with the same purpose that the AFL-CIO report was conceived and crafted.

■ Responding to the Critics

In his comments on the report, Secretary of Labor William Brock reflects extensively on that portion dealing with the desirability of a cooperative approach to problem solving. With all fairness to the Secretary's comments, I must remind him that cooperation requires the involvement of both sides. As the report notes, "The problem always is finding those who wish to cooperate in a system of true equality—and until the time that our desire for cooperation is fully reciprocated, unions must maintain the ability to meet employer confrontation."

There is a real opportunity today for new ideas in the sphere of labor/management relations. Our union recognizes this need, and in recent years we have negotiated quality-of-work-life programs, common interest forums, joint labor-management retraining programs, and other cooperative efforts with our major employers. Unfortunately, the opportunity for greater cooperation between labor and management is being wasted in many instances because of the



blatant antiunion attitudes and activities of a growing number of employers.

In the telecommunications industry, for example, many of the same employers who often sought our cooperation were among the first to establish nonunion subsidiaries when the historic AT&T divestiture made such ventures possible. Cooperation limited to when and where management wants it translates into no cooperation.

While I would agree somewhat with Schrank's assessment that employers are by nature antiunion, I am increasingly convinced that the antiunion environment is stronger today than at any time in the last 30 years. Freeman's comments about the current "massive crime wave to deter unionization" are especially telling and accurate in this regard.

And while there is certainly a lot of truth in Secretary Brock's observation that "clinging to adversarial attitudes forged a half century ago . . . is a prescription for mutual disaster, not mutual survival and prosperity," the statistical evidence indicates that many American managers are opting for confrontation instead of cooperation. Such a conscious decision, if it has indeed been made, does not bode well for labor relations in the critical years ahead.

A final thought about the various critiques. A comment by Abe Raskin gets to the heart of what I believe is one of the major challenges facing the American labor movement today:

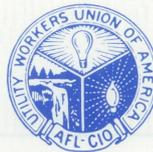
"Reorganizing the organized must transcend all other union priorities if those now inside but divorced from any sense of genuine involvement are to become bona fide trade unionists."

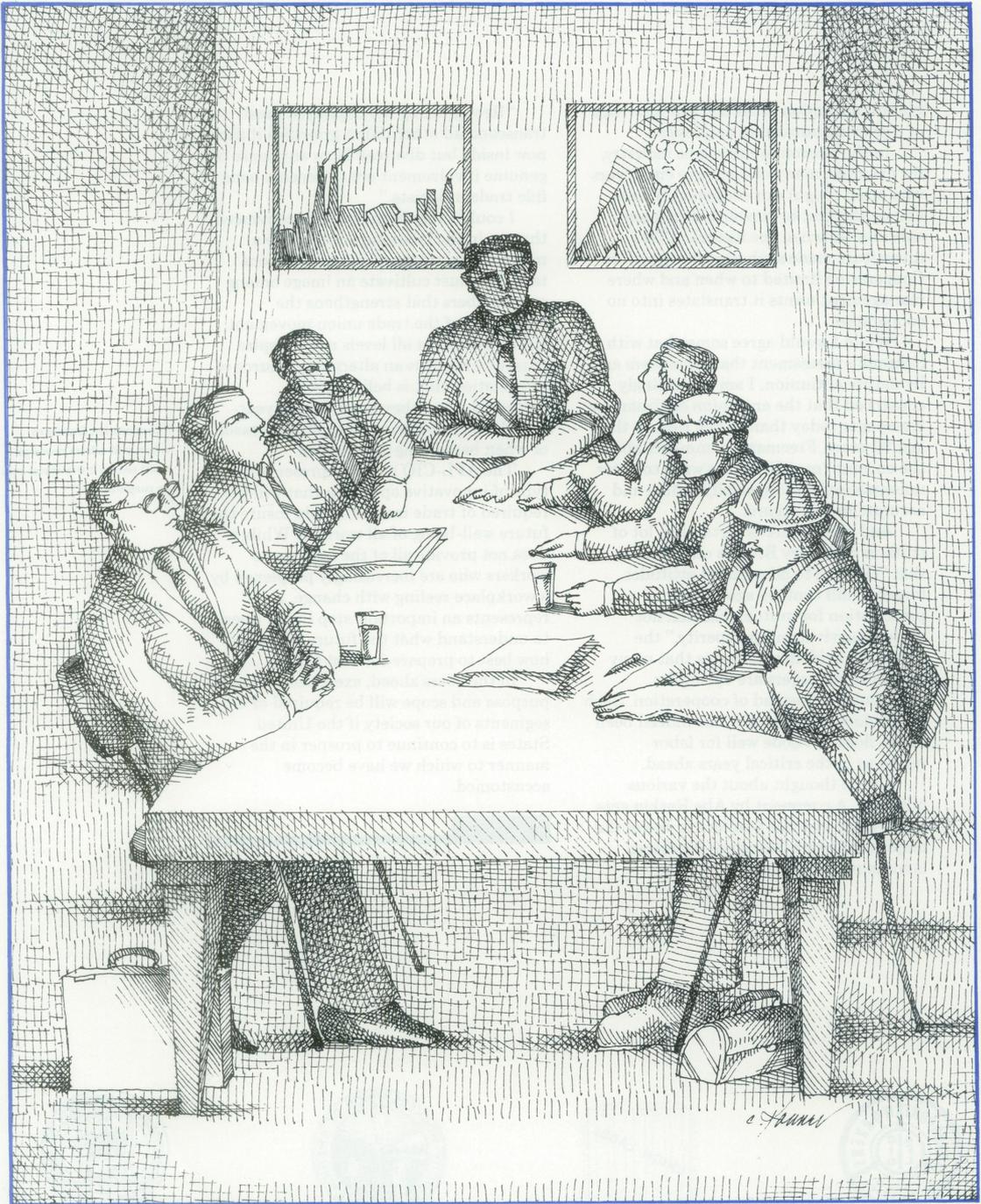
I couldn't agree more. I am convinced that we in the labor movement face a monumental internal communications task. We must cultivate an image among our members that strengthens the credibility of the trade union movement. Union leaders at all levels must inspire trust and serve as an alternative source of information that is believed and respected—and they must do this year-round, not just during the political season or when bargaining approaches.

The AFL-CIO report represents the type of innovative approach that will be required of trade unions to help insure the future well-being of all workers. While it does not provide all of the answers to workers who are increasingly perplexed by a workplace reeling with change, it represents an important step in our quest to understand what the future holds and how best to prepare for that future.

In the years ahead, exercises similar in purpose and scope will be required of all segments of our society if the United States is to continue to prosper in the manner to which we have become accustomed.

"Cooperation limited to when and where management wants it translates into no cooperation."





THE BLUE-COLLAR BOARDROOM: WORKER DIRECTORS AND CORPORATE GOVERNANCE

Warner Woodworth

For over four years, I've been a member of the board of directors of Hyatt Clark Industries in New Jersey. While there is nothing particularly unusual about being a member of a corporate board, my position is nonetheless rather special: I was appointed as a representative of the United Auto Workers' union. From this special vantage point, I've been able to observe a dramatic new American experiment in worker participation called codetermination. Based on my experience at Hyatt Clark and on observations and interviews in other companies in which labor participates in corporate governance, I conclude that codetermination is not only the wave of the future, but it works.

It doesn't always work *smoothly*, however. In one case, I watched in amazement as two worker board members of a taxi cooperative on the West Coast actually got into a fistfight during a board meeting. I've seen Iowa meatcutters' representatives sit mute, intimidated by high-level finance discussions or entrapped by Robert's Rules of Order. At Hyatt Clark, the process of defining the most appropriate role for the union representatives has been filled with tension and frustration. But, ultimately, I suggest the efforts will prove to be more than worthwhile.

■ The Hyatt Clark Board

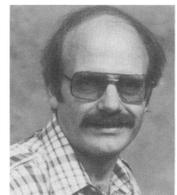
The board of directors of Hyatt Clark Industries in New Jersey consists of three union representatives, three management representatives, and seven so-called "independent" outside directors. Until 1981, Hyatt Clark was a General Motors plant that produced tapered roller bearings. After suffering a decade of losses, GM decided to close the plant. Both management and union employees felt that they could save jobs by

purchasing the business and running it themselves, and they put together a \$53 million loan package to effect a leveraged buyout. The union agreed to a 25% wage cut in exchange for ESOP participation and three seats on a new corporate board. The plan was structured legally so that one seat went to the president of the union local and one seat went to the bargaining committee chairman. They in turn have the right to select the third appointee to represent labor in corporate policy making.

I had been a consultant to the union during the buyout process, and to my surprise, when the deal went through, the new chairman of the board phoned to inform me that Local 736 had nominated me to fill the third seat.

The other two labor appointees are Jimmy May, president of the United Auto Workers' Local 736, and Jimmy Zarrello, chairman of the Local's shop bargaining committee. Zarrello grew up in a tough Newark neighborhood and has fought management ever since he started work in the Clark bearing plant. May is a Scotsman who led his first strike while still a teenager in Glasgow. Since 1981, these "two Jimmies" have practiced their aggressive, rough-and-tumble style of militancy right at the top of the company.

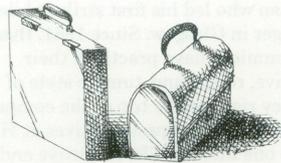
Management representatives at Hyatt include one lifelong GM executive and two managers with backgrounds at General Electric and Babcock and Wilcox. The outside directors consist of a vice chairman of a Big Eight accounting firm, an East Coast banker who has served on 47 boards, an executive vice president of a major automotive supply company in Detroit, the chairman of the New Jersey Institute of Technology, and a Merrill Lynch executive who is currently financial advisor to the Pope. Next to these luminaries, we union representatives feel not only outnumbered, but often outmaneuvered.



Warner Woodworth is an associate professor of organizational behavior at Brigham Young University's Graduate School of Management where he directs the Program on Economic Innovation and Revitalization. He has been a visiting professor at the University of Rio de Janeiro and a resident scholar at the International Institute of Labour Studies in Geneva. He is the author of numerous articles, and his most recent book is *Industrial Democracy: Strategies for Community Revitalization* (Sage Publications, 1985).

"The board majority holds that Hyatt should operate according to standard business practices. The union appointees repudiate mainstream corporate assumptions as morally bankrupt and economically dangerous."

The chemistry between labor and the rest of the board is about the same as that between TNT and matches. Stark contrasts are apparent: At one meeting early in 1982, as the outside directors arrived in their Jaguars and Mercedes (and one bright yellow Cadillac convertible), Jimmy Zarrello pulled into the parking lot in an old, beat-up Chevy. At the conference table, Jimmy May (a shop-floor welder in jeans and a sweater) sat next to an executive in a \$500 Calvin Klein suit, adorned with gold cufflinks, gold rings, and even a gold pen. But the differences are not only in lifestyles; they are in core values. The board majority holds that Hyatt should operate according to standard business practices. The union appointees repudiate mainstream corporate assumptions as morally bankrupt and economically dangerous. They argue vehemently that values such as equality, democratic management, and collective decision-making are necessary to the firm's long-term survival.



■ The Evolution of the Board

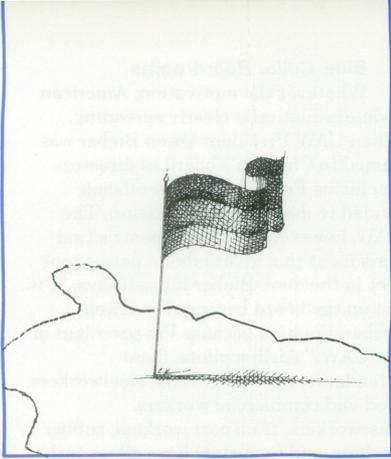
The union representatives at Hyatt Clark went through a series of stages as they attempted to define an appropriate and effective role for themselves. I think they may be typical of recent labor appointees to many boards. At first, they observed quietly, acquiesced. They were "learning the ropes," as Jimmy Zarrello put it. They struggled with unclear roles and lack of professional training.

In the next stage, the union directors suffered from a feeling of "second class citizenship," as they received condescending advice and co-opting pressures from the other directors. There were strong feelings of disillusion and hopelessness, which culminated in the feeling that codetermination was a losing game. This sense of futility led to Jimmy May's arguing that perhaps labor should leave the board, since it could never get a majority control.

About a year into the process, the voice-raising started. A few small victories were gained through strong protests and clear explanation of substantive problems in the plant due to managerial incompetence. Union arguments against executive bonuses and for a strategic business plan convinced some outside directors to side with labor, giving the Local 736 leaders hope that codetermination could succeed. The outside directors began to look positively at joint decision-making. One observed that of the numerous boards he had served on, "this is certainly the most fun and interesting."

After two years, there was growing strain and conflict. Union representatives seemed to constantly push for changes that management and the independent directors opposed. Major battles erupted, leading to distrust, low morale, and fractured relationships. The labor directors felt that the rest of the board was entrenched. At times the outside directors seemed to agree: "We're prisoners of our past business experience," one of them noted. Yet they perceived the union as too militant, irrational, and naively misunderstanding the hard realities of business.

Between the third and fourth years, the board entered a state of flux, from which it has not yet emerged. It will either end with a deepening, ongoing struggle or a breakthrough to a new plateau of long-term accommodation.



■ The European Experience

The presence of Local 736 in the boardroom, while a recent phenomenon in America, would not be unusual in Europe. Codetermination (or *Mitbestimmung* as it is referred to in West Germany, the home of the world's first experiment in labor participation in corporate governance) has existed in Europe for decades. Beginning in France and West Germany after World War II, the movement has since moved beyond the trial-and-error stage and become an integral aspect of European business life. Most of Western Europe now has legislation that mandates a formal trade union presence on company boards.

Some observers scapegoat codetermination as the cause of Europe's economic woes. I think such criticism ignores global forces that have had a negative impact on business worldwide (including the United States). I've talked with many European managers who support codetermination. They report it stabilizes the workforce, provides an avenue for conflict resolution, and encourages productivity. Helmut Schmidt, former chancellor of West Germany, suggests that *Mitbestimmung* has been the key to his country's post-war economic miracle.

Critics of the European system argue that labor representation is largely symbolic, at most giving only veto power to block management proposals. But while debate still rages as to whether there has been a genuine shift of power away from management toward labor, the question of whether to move to codetermination has been settled. Everyone is doing it.

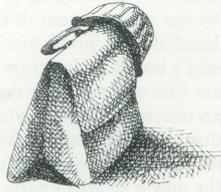
■ Spillover Into the United States

At first glance, Europe's *de jure* form of worker participation stands in stark contrast to American capitalism. But beneath the legislated facade, there are similarities. A *de facto* form of codetermination is emerging in the U.S., seeded by the appointment of Douglas Fraser, head of the United Auto Workers, to Chrysler's board of directors in 1979. Since that first attempt by a major American union to promote what unions call "industrial democracy," there have been efforts in a number of industries to obtain the power to affect corporate decisions before they are made.

Most efforts to broaden participation have focused on quality circle-type programs, in which a group meets to resolve day-to-day shop-floor problems. But a difficulty with these lower-level efforts is that the parameters are set by management. In contrast, board representation allows labor to help set policies regarding these day-to-day participation programs and ensures that such activities are not arbitrarily swept away by a top executive. Thus, codetermination does not replace, but rather complements, other forms of organizational democracy.

The pragmatic argument for codetermination is that it improves worker performance, thus aiding corporate profitability. The ideological argument is that until respect for individual rights penetrates the corporate gates, the fundamental ideals of democracy will not be achieved. This criticism is based on the view that the lack of constituent representation in private-sector decision-making is a cultural contradiction. It can also be argued that a lack of worker participation is contrary to our historical ideas of the Judeo-Christian ethic and our philosophical notions of freedom.

"Some observers scapegoat codetermination as the cause of Europe's economic woes. I think such criticism ignores global forces that have had a negative impact on business worldwide (including the United States)."



"One corporate executive told me cynically, 'When the economy rebounds, the pendulum will swing back, and the unions will go after money, not slots on the board.'"

■ Blue-Collar Boardrooms

Whatever the motivation, American codetermination is clearly spreading. When UAW President Owen Bieber was named to Chrysler's board of directors (replacing Fraser), Chrysler officials tended to downplay the decision. The UAW, however, sees it as a contractual agreement that gives labor a permanent foot in the door. Bieber himself says, "I'm not on the board because I'm Owen Bieber. I'm here because I'm president of the UAW." Airline pilots, flight attendants, flight engineers, steelworkers, food and commercial workers, glassworkers, transport workers, rubber workers, and teamsters have all recently named representatives to company boards. In the past year alone, labor gained representation to the boards of six trucking firms, two steel companies, and five airlines.

Charlie Bryan, at Eastern Airlines, illustrates the changing role of labor leaders. Bryan began his career as a mechanic at Eastern when he was in his early 20s. Today, the 50-year-old Bryan is a member of Eastern's board of directors. He didn't start out with ambitious plans for climbing the corporate ladder. He didn't make it to the top through any of the usual routes—earning an MBA degree, inheriting a chunk of the business, or flattering his superiors. Bryan rose through the International Association of Machinists. As president of IAM's powerful District 100 (which has 45 locals and 13,000 members), Bryan was invited to join Eastern's board, along with three other labor representatives. Last year the workers received the four directors' seats, 12 million shares (25%) of the company's common stock, and three million shares of preferred stock in exchange for over \$400 million in wage deferrals and expected productivity gains.

■ Future Prospects

There are still critical questions surrounding the permanence of codetermination as a feature of the American labor landscape. Doubters point out that union seats have so far been obtained only in troubled industries, often in exchange for wage concessions, or in association with employee stock ownership programs. MIT's Robert McKersie suggests that these factors have put a tight

rein on the growth of board representation, especially since U.S. managers have not embraced codetermination with the same spirit as they have shop-floor participation. Nor have unions fully embraced the idea. As one corporate executive told me cynically, "When the economy rebounds, the pendulum will swing back, and the unions will go after money, not slots on the board."

Other observers argue that once labor tastes the power of corporate decision-making, there will be no turning back. Fed Chairman Paul Volcker feels that the current wave of board seats makes further codetermination "inevitable."

If union board representatives are a significant enough presence to occasionally sway corporate policy, and if codetermined boards can minimize paternalistic behavior, the evidence suggests that companies may gain from workers having a voice. A better flow of information from the shop floor to the boardroom (and vice versa) can lead to improved upper-level decision-making. It can also provide a structural channel for the escalating demands for organizational democracy.

The current productivity crisis may also be ameliorated by codetermination. One executive told me that, after 15 years, he had simply run out of ideas, and he was now turning to his employees as a last resort!

Executive fears that codetermination threatens employers' actions to increase profitability seem unfounded, based upon European data and preliminary data in the few American cases. Indeed, the converse may be true: Labor directors do not hurt profits, but, in fact, become increasingly committed to company objectives—including profits. This can be seen in companies as diverse as Chrysler Corporation and Weirton Steel. A more collaborative approach at the top also reduces costly adversarial relationships at lower levels of the firm. For instance, the new Eastern Airlines arrangement has resulted in fewer than 400 labor grievances filed by the machinists during the last year, in contrast to an average of over a thousand per year in the past. Productivity improvements have saved over \$50 million so far, a crucial contribution to Eastern's return to profitability.



In Hyatt Clark's case, after 10 years of steady losses under GM management, the company broke even during the first year after the buyout. Productivity went up in some departments, quality went up in others, and in the second year, the company made nearly \$1 million. In the third year, Hyatt Clark made a \$1 million profit in a single month. Since then, however, the burden of the leveraged buyout has exacted a heavy toll, raising questions about the long-term survival of the firm as presently structured.

In the end, wide acceptance of American codetermination will not happen because of its ideological rationale; it is the pragmatic approach that will carry the day. Union boardroom representation has the potential to improve results. It is simply a matter of good capitalism.

"If union board representatives are a significant enough presence to occasionally sway corporate policy, and if codetermined boards can minimize paternalistic behavior, the evidence suggests that companies may gain from workers having a voice."

EMPLOYEE INVOLVEMENT ACTIVITIES: SAVING JOBS AND MONEY TOO

Peter Lazes



American manufacturers, facing stiff international competition in recent years, have responded by demanding concessions in wage and fringe benefits, moving production overseas, and automating processes to reduce direct labor costs—and American workers have been losing their jobs. But there are other ways of approaching the same set of problems, ways that avoid the need for layoffs and plant closings, ways that obviate the confrontations between labor, management, and affected communities.

In the early '70s, when the present wave of Employee Involvement programs was started, most activities focused on creating better jobs and more meaningful work. It is now necessary to go beyond this, to take full advantage of employees' skills and their desire to help their companies remain competitive. All jobs are at stake, not just those of hourly workers in fading industries, unless we develop better methods to respond to increased competition from abroad.

I would like to offer three examples of companies that have used Employee Involvement programs to save jobs and solve pressing economic problems.

■ The Xerox Study-Action Team

Confronted with an annual loss of \$3.2 million in their Webster, New York, manufacturing division, Xerox Corporation concluded in October 1981, after a year-long study, that many component parts of their machines could be manufactured less expensively by other companies. Subcontracting the work would mean laying off 180 employees.

I had been a consultant to both Xerox management and the union (Local 14A of the Amalgamated Clothing and Textile Workers) since 1980. Although management was reluctant to consider other options, the union and I encouraged them to create a labor/management team to investigate ways to keep the department competitive and thus eliminate the need for layoffs. Six hourly employees, one engineer, and one manager were released from their regular jobs for six months to develop proposals to cut costs by \$3.2 million. This Study-Action Team effort was viewed as a high risk by both labor and management, since neither group could predict the outcome. The outlook was guardedly positive, however, since earlier labor/management problem-solving on a smaller scale had been very successful.

The bottom line for this unusual Employee Involvement effort was that if the Study-Action Team came up with the needed cost savings, then the manufacturing work would be kept in the Webster plant. If the cost savings could not be achieved, the work would be subcontracted as planned, and 180 employees would lose their jobs.

After six months of extensive investigation and analysis of operations, the eight-member team (with the help of other employees and technical and accounting specialists) proposed changes in operations that amounted to an annual savings of \$3.7 million. Redesigning work flow and floor layout, reducing scrap, involving employees in purchasing new equipment and in determining appropriate uses for automated equipment, and identifying and solving problems at the shop-floor level were among the recommendations of the Study-Action Team. Some recommendations would affect the union contract: reducing "fatigue time," reducing scheduled breaks from 20 minutes to 10 minutes, consolidating minor maintenance jobs, and hiring temporary workers for peak periods. (Most Employee Involvement activities do not get into contract issues, but this Study-Action Team had the authority to investigate any and all aspects of production, including salaries.) The team also recommended some minor changes in the structure of both hourly jobs and supervisory ones. There was a strong emphasis on the importance of giving employees an increased opportunity to make decisions about how to do their work and solve their own problems.

Once the potential changes were accepted by all of the affected employees, a top union and management committee management committee approved the recommendations, and the layoffs were avoided.

The success of this first Study-Action Team led to the development of four new teams in other problem areas of the plant. In 1983, a new contract formalized the use of Study-Action Teams as a process to cut costs in noncompetitive areas.



■ Saving the Tuscaloosa Plant

Another example of the use of Employee Involvement to solve economic and business problems is that of the Rochester Products plant in Tuscaloosa, Alabama. Faced with a declining market for carburetors, corporate management concluded that unless \$2 million in annual cost savings could be achieved, the plant would be closed. Initial suggestions from the 225 employees amounted to \$1.5 million in cost savings, but that was still \$500,000 short of the needed goal. In late 1982, the company started tagging and inventorying equipment for the move.

The union (Local 1097 of the United Auto Workers) and the Tuscaloosa community—not satisfied with the decision to close the plant—arranged an agreement in which the Rochester Products management leased floor space to the University of Alabama in exchange for help in finding ways to reduce costs and improve production methods.

By September 1983, students and faculty from the university (helped by hourly employees, engineers, and managers) had found ways to reduce the operating budget by over \$645,000 per year. When this was added to the \$1.5 million in cuts already found, the company's goal was met. This unusual collaboration between a university and a company kept a plant open and saved 225 jobs. In fact, the changes in productivity—and morale—are such that the company is bringing in new work that would in the past have been sent elsewhere.



■ The Swedish Shipyard Project

In Landskrona, Sweden, an innovative project has been going on since 1980. When the Swedish government decided to close down the Oresundsvarvet Shipyard, the largest employer in Landskrona, the

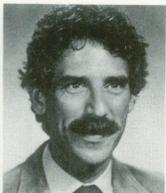
city was left more or less paralyzed. To avoid the economic and community disaster that seemed imminent, the management and union of the shipyard cooperated with the local and federal governments to develop a comprehensive plan to create new jobs for the 2500 displaced employees. Their solution was to set up a special corporation to establish new companies, using the skills of the shipyard workers whenever possible, on the site of the original shipyard.

Although this was initially viewed by many as an impossible proposition, it proved to be an effective response to the lack of shipyard work. Today over 40 new companies operate on the site, and 45 other new firms have been started in the town. Some 70% of the employees from the shipyard are now working, many in employee-owned and -operated firms. So far, only seven companies have failed, primarily as a result of inexperience in running a company and limited product diversification.

■ Shifting Focus of Employment Involvement

Many organizations have the potential to make changes similar to those of Rochester Products, Xerox, and the town of Landskrona. And today's economy demands that we stretch to find better work structures and better ways of making use of employee skills, equipment, and available technologies in order to remain competitive. Shifting the focus of Employee Involvement activities from an emphasis on job satisfaction to an emphasis on giving employees the means to address economic and business problems is one way to meet this need.

Today, more than ever before, our country needs creative and future-thinking managers to help us avoid the further decay of our industrial economy. We do have choices. The challenge is whether to take positive steps to stop the erosion of our workplaces, or to stand still and watch foreign countries dominate our economy and our future.



Peter Lazes is co-director of Programs for Employment and Workplace Systems at Cornell University. For over 14 years he has worked as a labor/management consultant in both the public and private sectors, and has been on the staff of and done consulting work for numerous hospitals and health centers.



Chapter IV

Those of us (including *NM*'s editors) with early literary memories of Lewis Carroll's *Alice in Wonderland* and *Through the Looking Glass* had impressed upon our small psyches the varieties of advice that mentors can give, from "If you don't know where you're going, it doesn't much matter which road you take," to "It takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that." While reading our readers' responses to the questions for this issue--(1) What is the best advice you have ever received from a mentor concerning your career? and (2) What is the worst advice you have ever received?--we occasionally felt as if we had stumbled again into the rabbit hole. For example, one respondent told us the best advice he had received was "Dare to be eccentric!" The worst advice? "Dare to be eccentric!"

The most popular advice (from seven respondents) was to learn to work with others, especially the ones who report to you. Six respondents appreciated being told to pursue their education and to keep learning new things (on the other hand, "get an MBA" showed up in the worst advice column). Five respondents (including "Dare to be eccentric!") were glad they had taken risks. Three (thanks to their mentor's advice) made plans, three did what they loved to do, and three had faith in themselves and never gave up.

Some good advice from other respondents:

- The way to success is to make competent people anxious, then let them do whatever they have to do to alleviate that anxiety.
- After you graduate from college, don't ever admit you can type.
- Real money is only made in inefficient markets.
- Don't accept the Harvard offer.
- Leave while they still love you.

There was less agreement over the bad advice (three respondents left the space blank, with one commenting, "It was all well intended"). Eight of our readers (with no overlapping of the risktakers noted above) cited advice to conform as the worst they had received. Three disliked political

advice, and two were told, evidently to their ultimate sorrow, "I'll take care of you."

The most thought-provoking words of bad advice came from a law enforcement officer: "When in doubt, choke them out."

Although we have been following the practice of taking reader suggestions for questions for future issues, the article "The Blue-Collar Boardroom: Worker Directors and Corporate Governance," by Warner Woodworth (pp. 52-57), stirred so much discussion among our editors that we became curious as to what our readers think about codetermination. Thus, the questions for this issue are:

(1) Is codetermination the wave of the future in America?

(2) If not, what does the future hold for labor/management cooperation?



A Business Reply Postcard is stitched between pages 56 and 57. We look forward to your responses.

Organization Development and Labor Law: Implications for Practice/Malpractice

Charles Maxey and Thomas Cummings
Working Paper
Center for Effective Organizations
University of Southern California, 1985

If you've just hired a consultant with enthusiastic plans for forming employee groups to discuss ways you might improve working conditions, and if the groups will be meeting in company surroundings and on company time—then stop right now, or you may find yourself in trouble with the NLRB, charged with violating Section 8(a)(2) of the 1935 National Labor Relations Act. Nonunion employers who thought that a "labor organization," as defined in the NLRA, only meant a union face the possibility of lengthy administrative and court proceedings as a result of broad legal language prohibiting the domination of, interference with, or assistance to employee groups.

When does an employee group become a "labor organization"? When it is an "organization of any kind, or any agency or employee representation or plan, in which employees participate and which exists for the purpose, in whole or part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work." This is certainly a broad enough definition—particularly since the courts have interpreted "dealing with" to include not only bargaining, but also informing, advising, and even merely making suggestions or recommendations to management—and that, of course, is precisely the intent of most of the employee groups that organizational development (OD) consultants form to increase employee participation.

This section of the law was originally intended to prevent employers from establishing "company unions" as substitutes for external unions when employees demanded representation. But recent NLRB decisions have not taken into consideration the intent of the employers, nor have the courts developed clear tests of what constitutes illegal employer domination, interference, or assistance. The Board's decisions are based on the "totality" of the circumstances.

In fact, as Maxey and Cummings point out, "In its decisions over the years, the Board has not been hospitable to employer

Reported by Judith Garwood

actions that appear to dominate or interfere with employee organizations. Illegal domination/interference has been found in instances where the employer initiated or implemented employee representation mechanisms, where management participated in the development of statements of employee organization goals or agendas, where the employer controlled membership, or selected members, or where management participated in meetings of the "employee" organizations. The Board has also been restrictive in its definitions of illegal support or assistance, finding violations to include such employer behavior as providing office space, supplies, or clerical support to employee groups, providing refreshments, or paying employees for time spent in organizational meetings."

The framers of the labor laws and the OD practitioners start from very different perspectives, according to Maxey and Cummings. "Where members of the OD community see a potential for humanistic management and collaboration, framers and supporters of NLRA see a potential for employer manipulation and domination." Unfortunately for the future of OD consultants, Maxey and Cummings see little hope that the law will be changed or interpreted more favorably, despite the fact that it does have critics even within the labor relations community. In fact, it is their guess that the suits will increase as the AFL-CIO engages "in an ongoing campaign to combat what it perceives as a growing army of labor-management consultants whose goals are to destroy the American labor movement. . . . Whether or not OD consultants view themselves as antilabor, actions that threaten the ability of the labor movement to attract new members will understandably be viewed with hostility."

In sum, it behooves OD consultants (and, perhaps, the employers who hire them as well) to check with a labor law specialist in any case where an intervention might be interpreted as illegal. The lawsuit you save may be your own.

Unions and the New Management

Reported by Judith Garwood

Edward E. Lawler III and Susan A. Mohrman
 Working Paper
 Center for Effective Organizations
 University of Southern California, 1985

Is there a role for unionism in the new, high-involvement organizations that are characterized by blurred distinctions between managers and workers and jobs with greater variety and responsibility? These organizations, exemplified by over 200 plants that have been started in the last decade, create an environment in which the workers make decisions about many of the issues—wages, overtime, job structure, layoffs—that have historically been the subject of fierce union/management wrangling. The nonunion high-involvement plants have almost all resisted union organizing drives, because they have made unions unnecessary in the eyes of their employees. But some of the new, high-involvement plants are in fact organized. And, according to Lawler and Mohrman, the evidence from these plants suggests that there is indeed a role for unions—not the traditional one, certainly, but nevertheless an important one. They cite the UAW’s role in several plants, including the new Saturn operation, and the OCAW/Shell cooperation at the Sarnia, Canada, polypropylene plant as significant examples.

The new union role is that of a joint problem-solver, rather than an adversary. “The union becomes a representative of the work force . . . and assures that their inputs and views are effectively represented in the decision-making process. There still needs to be a contract, and collective bargaining certainly would still be an important part of the union’s role. . . . [But] there are some important differences between the traditional contract and one that might be negotiated with this new approach. . . . The whole contract might be only a few pages of general philosophy and culture setting . . . [focusing] on setting up decision processes that allow the details of work and pay to be handled on an ongoing basis through a regular participative structure in the organization.”

Lawler and Mohrman carry the idea further. They suggest that unions should assume an active role in setting corporate policy—they are natural speakers for the employees’ perspective—and examining organizational effectiveness. But the most

important role they see for the unions is, in a sense, a traditional one: the countervailing power. “As numerous studies of participative management have shown, it is all too easy for management to slip in and out of participative management practices as the environment and the management personnel change. Likewise, management frequently picks and chooses the issues on which participation is permitted, frequently soliciting no input on issues such as the introduction of technology, with which the work force is centrally concerned.”

With respect to job security, Lawler and Mohrman see an interesting change. “Union members get their security through the quality of their own skills and through the effectiveness of the organization. Unions . . . can help see that the organization is effective. They can also help to assure that its members are trained, skilled, and developed in ways that will give them the personal security that comes from having transferable skills and the ability to cope with a turbulent economic environment. This, of course, is a quite different kind of job security from the one that typically comes with seniority-based union contracts.”

Lawler and Mohrman realize that this new role “would represent a dramatic change in orientation for the union movement and the need for dramatically different behaviors on the part of many union leaders. Different skills are needed when union leaders assume a role in business decision-making. To start with, they need to understand the business, they need to problem-solve around its issues, and, of course, they need to remain in touch with the needs, desires, and views of their membership.”

The alternative, they say, is that there will be no voice—or only a spotty one—for the workforce in the formulation of the new management. Lawler and Mohrman express some doubts as to whether existing unions will be able to change enough to accommodate this new role. But the role is a vital one, and if current unions do not begin to play it, new worker organizations may arise to take their place.

Recent environmental pressures have forced both individuals and organizations to recognize that, in order to succeed, they must collaborate to help each other achieve desired objectives. For individuals to grow, the organizations in which they work must grow. For an organization to grow, its human resources must grow. This "growth partnership" should be focused and its results monitored.

Most organizations have developed reasonably effective methods for monitoring organizational growth (e.g., sales, return on investment, profit, productivity). They have paid less attention to and been less effective at monitoring the development of the human resources behind those results. Yet, if an organization is to take advantage of new opportunities, it needs to know the capabilities of its human resources, so that it can focus developmental activities on the areas that will provide the greatest benefit to the organization and the individuals it comprises.

For over 10 years, Wilson Learning Research has been devoting its efforts to closing this measurement gap. By focusing on the needs of customers, customer service personnel, sales representatives, and managers, researchers have developed both generic and customized measurement systems to diagnose needs and monitor development. These quantitative systems allow individuals and organizations to:

- Compare their performance to criteria for excellence;
- Compare their performance to that of other organizations and individuals;
- Track their performance over time;
- Evaluate the effectiveness of specific programs or changes; and
- Identify priority areas for improvement.

Generic systems developed by Wilson Learning Research include the Social Style Profile, Leadership Survey, Team Interaction Profile, Communication Inventory, Sales Opportunity Analysis, Focus on Customers, Buyer's Perception Inventory, and Self Management Profile. When used in conjunction with generic or customized learning systems, these measurement systems help personalize, focus, and monitor development.

In addition to quantitative measurement systems, organizations and individuals need qualitative information to:

- Understand how internal and external changes are affecting the organization and its stakeholders;
- Generate alternative strategies to achieve goals and overcome obstacles;
- Develop models of high performance;
- Identify how high performers develop; and
- Involve individuals in the process of curriculum planning and organizational change.

To accomplish these goals, Wilson Learning researchers have creatively applied such methodologies as interviews, input groups, and observations to better understand human resource issues.

At Wilson Learning, research provides the information to help know what to do, how to do it, and whether it has been done. It is the basis for focusing and monitoring efforts to achieve results.



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