

PANEL

CHANGING ECONOMIC REALITIES AND THE CHANGING ROLE OF UNIONS

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This conference is being held at the end of what the New York Times called, in an editorial yesterday, "a dramatic week for American Labor."¹ The Times was not referring to the drama yet to be unfolded at this conference. The drama referred to lay in the unprecedented contracts that were approved this week by Ford Motor Company and the UAW² and by the trucking industry and the Teamsters Union.³ Givebacks were the order of the day. With the spectre of plant closings and increased unemployment hovering over the negotiating table, the term "concession bargaining" has made its dramatic entry into the lexicon and tactics of labor relations.⁴ It cannot be more obvious that the labor movement is compelled to devise new strategies at the negotiating table and in the political arena. The depression of the thirties gave rise to the industrial union movement. What will be the impact of the depression of the eighties on this labor movement? What should it do, and what can it do? The subject of this panel will be "Changing Economic Realities and the Changing Role of our Unions."

ANTHONY MAZZOCCHI**

I think there's no question that the labor movement is in a serious crisis. The labor movement has been in retreat for a number of years and is now under a state of siege. I would like to be here addressing you as a rank-and-file insurgent; however, as a long-standing bureaucrat, my critique of the labor movement comes from looking back on my own experiences and reflections on my past criticisms. I certainly shared in developing the type of problems that labor now finds itself in.

I would like briefly to recount from my perspective what has happened to the labor movement since the end of World War II, or rather to the organization of labor because I'm afraid that it cannot quite be termed a movement today. After the war, many of us who returned from the service

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1. N.Y. Times, March 4, 1982, at A22, col. 1 (city ed.).

2. *Id.*, March 1, 1982, at A1, col. 1 (city ed.).

3. *Id.*, March 2, 1982, at A1, col. 6 (city ed.).

4. *Id.*; See also *supra* note 1.

became active in the labor movement, unconsciously participating in the Big Deal, just around 1947. It was a deal which said that we would be allowed to "do our thing" provided we did not interfere with management's prerogatives. This was not a conscious deal memorialized on paper, but rather a deal acknowledged indirectly through our actions. We began to agree to things like arbitrating disputes, and we began to trade militancy for legalisms—and for diplomacy. The erosion of militancy led to a diplomatic period of accommodation during which we gave up one thing to gain another. What we gave up was self-determined growth in order to avoid destruction by management. During this period of accommodation, management did not conduct a meaningful offensive against the labor movement.

In retrospect, I begin to see that management was not easy to deal with. Collective bargaining left room for growth of both labor and management, but was never a smooth process. Our part of the deal was growth in terms of real wages while management enjoyed profits and expansion during this period. The Taft-Hartley Act,¹ of course, practically defined the limits on our growth. Although I am not an admirer of Harry Truman, he did veto the Taft-Hartley Act. Nevertheless, Truman did not hesitate to institute that Act, and many of us who were involved in labor disputes at the time remember that quite well. In fact, if you count Taft-Hartley injunctions, you will see that President Truman probably made use of the Taft-Hartley Act as often, if not more often, as any subsequent president.

We in the labor movement were also guilty, however. I remember many situations in which the Taft-Hartley Act was the union leadership's excuse for the settlement of a contract. Labor leadership would say, "We did all we could, but the government stepped in. The government made the deal, it wasn't anything we did." We only resisted the Taft-Hartley rhetorically, not through our actions. "Repeal Taft-Hartley" was always part of the labor movement's agenda, but even that rhetorical opposition has dissipated during the last ten or fifteen years. We no longer call for repeal, we call for amending the Act. We even lauded the election of a president, Lyndon Johnson, who, as a congressman, singlehandedly steered that Act through the House of Representatives. Members of my union had to deal with Johnson back in the days when he was one of the foremost politicians in Texas, but they were never quite taken in by Lyndon Johnson's so-called pro-labor sentiments.

Finally, this process of accommodation between management and labor began to unravel, creating a situation where, as labor leaders, we began to lose the confidence of the rank and file. It has reached a point where today I think I can honestly state that the rank and file feel as alienated from

1. Labor Management Relations (Taft-Hartley) Act of 1947, ch. 120, 61 Stat. 136 (1947) (current version at 29 U.S.C. §§ 141-197 (1976)).

labor leadership as they do from corporate institutions. We cannot, today, raise the type of hell that we once raised by mobilizing our membership. Not long ago, people felt that they were part of a cause, part of a movement. Today, most people belong to labor unions essentially because they have to.

I think that any labor leader who really analyzes the situation will see this alienation of the rank and file from labor leadership. There are exceptions to this rule, of course, but I am not talking about the exceptions. I am attempting to address what I think is the poor condition of the American labor movement. As a result of this spirit of accommodation, and as a result of trading our militancy in order to live in peace with corporations, we gave away the most vital force we had, which was our ability to unite workers behind a cause; our ability to mobilize people at the grass roots level.

The period of accommodation ended not because labor wished it to end, but because the bosses ended it. Toward the end of the 1970's, the deal was abruptly terminated by management. When the profit crunch came and shrinking markets led to increased competition from abroad, corporations began to move for the jugular. By this time, the labor movement had reached a lethargic state, and now finds itself ill-prepared to deal with this attack. I'm one of those who feel that the attack threatens the very life of the labor movement itself, or what once was a labor movement and is still a formidable organization of over fifteen million Americans.

Another development is that the labor movement has tied its fortunes to the Democratic Party because we thought that it would speak for organized labor. But that has not proved to be the case. We registered some mild gains in social legislation, but when you analyze specific labor legislation, we only scored one major legislative victory since the New Deal. That was the Occupational Health and Safety Act of 1970,² and it was an aberration. It came as a result of Nixon's blue-collar strategy. I know that situation very well because I was deeply involved in lobbying that bill through Congress. We didn't have the votes to pass it in its present form. But at the most crucial point during the Joint Senate House Conference on the bill word came down from the White House to pass it as it was, because Nixon was developing a blue-collar strategy—which was quite successful—in his race against McGovern.

If you look back to see what labor has gained from the Democratic Party, it has been very little. In fact, when Jimmy Carter was elected I was Legislative Director of my own union and I recall very well that the slogan at the time was "Elect a Veto-Proof Congress." And we did. We elected a Democratic Congress, we elected a Democratic President. But when we attempted to work with this veto-proof Congress full of labor's friends—

2. Occupation Safety and Health Act of 1970, Pub. L. No. 91-596, 84 Stat. 1590 (1970) (current version at 29 U.S.C. §§ 651-678 (1976)).

many of whom were elected solely because of labor's efforts—we found that we could not even pass mildly pro-labor legislation. I never got excited about the Labor Reform Act³ because I thought it really did not address the problems which confronted the labor movement in the area of organizing. But we still mounted a major drive to pass this bill. Our Democratic friends in the White House, however, deserted this very mild pro-labor legislation. In fact, if you analyze the PATCO strike, you'll find that Jimmy Carter—not Ronald Reagan—developed the strategy to be used if the PATCO workers struck. Ronald Reagan merely carried out that program. The cost-benefit analysis involving regulatory agencies was instituted by the Carter administration.

Labor at the present time is in a crisis, is in retreat, is dealing with concessions, and those issues require a session by themselves. I feel that concessions can only lead us down the road to destruction at an accelerated pace. Since we have created a situation where we are in a state of lethargy, the only programs that we come up with are ones negotiating the terms of surrender.

At some point the labor movement will have to take a stand. We will have to develop a coherent program which deals with the mobility of capital, which strongly fights for worker control at the point of production, and which calls for an end to management rights as we know them. We have to take the stand that working people in their organizations must have a very direct say in corporate investments, and that the right to manage and move capital wherever they please can no longer be left to multinational corporations.

In order to do this, the labor movement must develop its own political vehicle. It must cut its ties with the Democratic Party. It must create a Labor Party. I have spent many years in the Democratic Party, most of my time in a Democratic Party that has continually compromised. I no longer think labor can compromise. The crisis will not allow it to compromise. The creation of a party—even if the party doesn't run candidates, but only articulates a platform—will create a situation in which the Democrats who have drifted so far to the right would at least have some political force to pull them back towards the center, and possibly a bit to the left. The debate that must be instituted in the ranks of labor must be a debate over whether or not we should have our own political vehicle. Anything short of that is the road to destruction, and that road is not very far away.

The endpoint on the road is probably the mid 1980's. When the strongest labor unions—steel and auto—are in retreat, it should be a clarion call for all of us in the labor movement who feel that there is still hope for American labor. It is up to people in the ranks to raise this issue wherever they are, and to the friends of labor to raise this issue wherever they are. We

3. Labor Law Reform Act of 1978, H.R. 8410, 95th Cong., 2d Sess. (1978).

must challenge the labor bureaucracy. We cannot delay this particular debate by continuing to accommodate labor bureaucrats. I leave you with this: the issue of a political vehicle is the issue of the day for the labor movement.

ALBERT REES*

It seems that I'm always being invited to attend conferences at which I'm told that something stands at the crossroads. This time I think it's really true. I think this is a crossroads for the labor movement, for our institutions of collective bargaining, and perhaps for American industry. I want to concentrate on the economic factors that contribute to this situation; I will leave the political factors to other speakers.

In recent days two agreements of extraordinary importance were ratified. I am referring to the Ford Motor Company/United Auto Workers Agreement,¹ and the National Master Freight Agreement,² which are of extraordinary importance. In the early seventies, as Chairman of the Wage Stabilization Committee for the Food Industry, I learned very quickly the importance of the Master Freight Agreement to wage settlements, not only in trucking, but also throughout the entire retail food chain store system. The Master Freight Agreement is a bellwether agreement and in the past it has always resulted in very substantial improvements in wages and fringe benefits with no offsetting concessions to management. This time the increases in benefits are much more modest than they've been in the past, and there are many provisions which call for an increase in productivity.

The Ford Motor Company Agreement shares many of the characteristics of the Master Freight Agreement. Auto workers, when they've negotiated the lead agreement with whichever one of the big three auto companies settled first, have always received a three percent increase in real wages, plus quarterly cost-of-living adjustments, and improvements in fringe benefits. Now in the new Ford Agreement, the gains are again much more modest.

While neither the Ford Agreement nor the Master Freight Agreement calls for a wage cut, both provide for smaller increases in wages over the life of the new agreements than have previous agreements.

What is responsible for all this? I think there are several factors. First, we're in a recession. A recession always leads to decreased willingness to strike and an increased readiness to settle for terms that may be less than you had hoped for. Ask yourself: If you were a labor leader, would you be willing to take auto workers out on strike now? Hundreds of thousands of auto workers are already on layoff, and those who have not been laid off are

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1. N.Y. Times, Mar. 1, 1982, at A1, col. 1.

2. N.Y. Times, Mar. 2, 1982, at A1, col. 6.

working short time. Even so, the companies have 120 days production in inventory that they can't sell. They might be perfectly happy to have a strike so as to sell off their inventories. So, it's not a very propitious economic climate in which to strike.

We have had recessions before, but this is deeper than most of the post-war recessions. In my judgment, it threatens to be substantially longer because none of the previous recessions were accompanied by very high interest rates. We now have interest rates that are roughly double the rate of inflation.³ This is unprecedented. You could examine American history back to the time of the Civil War, and never find a time when the difference between the rate of inflation and the rate of interest was as large as it is right now. So I think this is not likely to be a short recession. I'm not one of the economists who believes that prosperity is just around the corner, and I think the parties to collective bargaining are as pessimistic as I am. That in itself explains a lot.

The second factor is foreign competition. In steel, in automobiles, in electronics, and in many consumer durable goods such as cameras, domestic producers have lost a very substantial market share to foreign producers, particularly the Japanese. Japanese productivity has been growing much more rapidly than American productivity. This did not seem important when the actual levels of productivity—the number of units of output per hour of work—remained higher in the United States, but now there is fairly good evidence that in both steel and automobiles, the Japanese have both a faster rate of productivity growth and a higher level of productivity than we have.⁴ That's the first time in almost a century that any other industrial country has ever had a higher level of productivity than the United States.⁵ If you are an automobile manufacturer or a steel manufacturer, or if you're a union leader in one of those industries, that's a sobering realization. You wonder what you can do to get back in this race. The present problem was not necessarily caused by collective bargaining. Bad management or lack of investment may have been responsible. Nevertheless the collective bargaining process must be accommodated to it.

The third factor is deregulation. By deregulation I mean the demise of the old style regulation, which began with the Interstate Commerce Act.⁶ This regulation limited entry of firms into such industries as trucking, railroads, airlines, and broadcasting. Deregulation has opened these indus-

3. On March 8, 1982, the prime interest rate was reduced to 16%. N.Y. Times, Mar. 9, 1982, at A1, col. 1, when the inflation rate (according to the Department of Labor) for the 12 months ended February 28, 1982 was 7.7%. N.Y. Times, Mar. 24, 1982, at A1, col. 1.

4. G. SADLER AND E. GROSSMAN, *COMPARATIVE PRODUCTIVITY DYNAMICS: JAPAN AND THE UNITED STATES* 26-28 (1982); *see also* NATIONAL RESEARCH COUNCIL REPORT: *MEASUREMENT AND INTERPRETATION OF PRODUCTIVITY*, ch. 9 (1979).

5. *Id.*

6. Ch. 104, 24 Stat. 379 (1887) (Current version at 49 U.S.C. §§ 10101-11916 (1976 & Supp. IV 1980)).

tries to nonunion competition, and many inefficient companies have been forced to lay off union employees to survive.

The effect of deregulation is most clearly seen in airlines and in trucking.⁷ The Airline Pilots Association fought against the deregulation of the airlines. Subsequent events have justified the Association's apprehensions; recession, foreign competition, and deregulation are coming together to create an atmosphere that produces concession bargaining. However, this is not the whole story, because I can think of cases in which unions and union members are in trouble, although none of these three factors really apply. Let me mention an example to show that one can't always pigeonhole the causes of everything. The Great Atlantic and Pacific Tea Company (A & P), which has been around for a hundred years or more, is closing stores every day. It has just announced that it is going to sell sixty stores.⁸ When A & P closes or sells stores, union jobs frequently disappear because in many cases the stores are sold not to another chain, but to the store's manager. The new owner immediately calls his employees together and says, "Well, now I'm going to operate this store as an independent store and I'd like to keep you fellows working for me, but not at union wages." So the employees take a wage cut and leave the union. Many former A & P stores are now doing reasonably well as independent stores with the same employees, who are no longer members of the union. Why then did A & P fail? There were two principal reasons: bad management—A & P was very slow to recognize what was happening to the supermarket industry—and very high wage agreements.

In some ways it's a grim situation for both unions and management. Nobody likes to bargain under economic pressure. It is easier to bargain if you've got a big pie to divvy up. Bargaining in adversity is tough on both parties. But I do see some good things coming out of this adversity.

Our managers are just beginning to learn what Japanese managers already know about managing people. Japanese firms and Japanese managers are coming into this country, buying plants in trouble, using American workers and American supervisors, and raising the productivity of those plants substantially. By watching these successes, our managers may begin to learn some things.

One ingredient of the increased productivity by Japanese management, not only in Japan but here as well, is a more cooperative relationship between managers, supervisors, and workers on the shop floor. American management and even unions sometimes, are trying very hard to learn these cooperative techniques. For example, General Motors has conducted many experiments in worker participation and in new methods of work organization. Clearly, there is now a widespread renewed interest in cooperative arrangements.

7. Airline Deregulation Act of 1978, 49 U.S.C. §§ 1551-1552 (Supp. IV 1980).

8. See N.Y. Times, Mar. 5, 1982, at D5, col. 3.

I think there's going to be a less antagonistic relationship between labor and management because they are no longer fighting one another. Rather, they are fighting economic forces that threaten both of them. If management is no longer the enemy, there may be a more harmonious relationship. It's been a long time since I last heard such sweet noises come from the bargainners for UAW and for the Ford Motor Company as when this agreement was ratified. I hope that this cooperation is not temporary, but that it indicates that unions and management working together in the future will find ways to overcome some of these very severe difficulties.

ARCHER COLE*

We're discussing "Labor at the Crossroads," and we can't get anywhere if we discuss it in a vacuum. In examining this issue, we must consider the tremendous strength of capital in this country, starting from the time of the Industrial Revolution in the 1830's to the present day. The trend has been that more and more power, wealth, tax dollars, and military budgets have been turned over to the very rich and the corporate forces in our country. It's important to remember the link between this phenomenon and the problems of the labor movement today.

Labor had a tremendous upsurge in the thirties and early forties in organizing the unorganized for the most basic rights: the right of workers to join unions of their own choosing, the right to a minimum wage, the right to Social Security, the right to unemployment insurance, and the right to work with premium pay after long hours. This was not a revolutionary movement, but an attempt on the part of American workers who had been downtrodden during the Depression to emerge as a force with the ability to exercise economic and political power. The Congress of Industrial Organization (CIO) was the vehicle for collective bargaining and union power. The coalition of labor with Franklin D. Roosevelt and the New Deal was the vehicle for political progress. If you read the preamble to the Wagner Act,¹ validated by the U.S. Supreme Court in 1937,² it states that it aims to redress the inequality between capital and labor, which big business consolidated during the Harding, Coolidge, and Hoover Administrations.

The effort by the labor movement to redress inequality lasted for all of ten years: 1937-1947. The only reason it lasted that long was that following the unsuccessful challenge by management in the Supreme Court,³ World War II intervened. Management was able to benefit from cost-plus contracts and reap tremendous profits and was therefore willing to accept organized labor for the duration of the war.

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1. Act of July 5, 1935, ch. 372, § 1, 49 Stat. 499 (amended 1947).

2. *NLRB v. Jones & Laughlin Steel Corp.*, 391 U.S. 1 (1937).

3. *Id.*

In less than ten years, in 1947, the Wagner Act was destroyed and replaced by the Taft-Hartley Act.⁴ If the union movement had been subject to the Taft-Hartley and Landrum-Griffin Acts⁵ (passed in 1957) back in the 1930's, we could not have organized one-half of the shops we did. Organized labor's problem with J.P. Stevens is an example of what has resulted from these laws. It took seventeen years for the union to organize at four plants because management was able to utilize Taft-Hartley to tie up the organizing process with legal battles. As a result of our present labor laws people who tell a union such as ours that they are willing to stick their necks out to organize are not going to do so if management exercises its rights under the law to destroy that union organization from its very beginning. The moment management hears about the organizing effort, they warn employees, "If you join the union, we'll move out; if you join the union, you will always be on strike; if you join the union, racketeers will be controlling you."

Under the Wagner Act, management couldn't say a word. They couldn't write letters; they couldn't hold meetings. They could not call you into the boss's office one-on-one and warn you that you were stepping out of line or try to bribe you with promises of future foremanships or raises. If management fired you, the National Labor Relations Board got you back on the job in a short time because it was made up of people who believed in the Wagner Act. Unions won millions of dollars of back pay in that era. Today, employers use the NLRB to delay justice and union organization. For example, three years ago, my union, the International Union of Electrical Workers, won an election in a plant in Edison, New Jersey. We won that election in 1979, and the company appealed initially to the NLRB in Newark, then to the Washington Board, and finally to the Third Circuit Court of Appeals.⁶ It is now back at the Newark Board and the company entered in hundreds of pages of testimony from fifty witnesses in order to tie up the record. After three years, we're back at the Board and still the end is not in sight. In the meantime, many active unionists have been laid off, have quit, or have become discouraged. Thus through the technique of litigation and delay, the company has thwarted union organization.

Nevertheless, those who tell us labor can't organize because it is weak and has lost its clout are greatly mistaken. We organize people. Last year, my union, District 3, IUE won seventy-five percent of our NLRB elections. Even so, labor organizing has changed greatly since the 1930's. We are no

4. Labor Management Relations (Taft-Hartley) Act §§ 1-407, 29 U.S.C. §§ 141-97 (1976).

5. Labor-Management Reporting & Disclosure (Landrum-Griffin) Act §§ 2-61, 29 U.S.C. §§ 401-531 (1976).

6. Vitek Elecs., Inc., & Int'l Union of Elec., Radio & Mach. Workers, 249 N.L.R.B. 885 (1980), *enforced* 104 LRRM 1268, *modified*, 107 LRRM 3002, 107 LRRM 3303 (1981), *rev'd sub nom.*, Vitek Electronics Inc. v. NLRB, 653 F.2d 785 (3d Cir. 1981).

longer organizing shops of 5,000 employees because there are no such animals anymore. Shops that move into New Jersey today have 50 to 100 employees; shops that move out of New Jersey have hundreds and thousands of employees, like the Ford Motor plant in Mahwah that shut down in 1980.⁷ On the other hand, we now have the resources and training we did not have in the 1930's. We have the spark and the ability to revitalize the labor movement if we dedicate ourselves to it in the same manner that labor did in the thirties and forties when the CIO was being built and if the law is made more equitable.

The Reagan administration's policies are hurting labor because they've created an atmosphere for "givebacks" through a deliberate recession. They don't know how to deal with inflation, so they have adopted programs which have resulted in our present unemployment rate of twelve percent. If 100 job openings are advertised at an automobile plant, 10,000 people will apply. That's a fact of life. In this atmosphere, management knows that it can offer less and still get 10,000 applicants; the bargaining power has been handed over to them.

Managements' rights clauses in current labor contracts reveal management's ability to call the shots. The contract says that when management acts, the union has a right to react. how do we react? We grieve. We try to make management undo things they did. For example, management fires an employee and we say, "Don't fire the guy." Then management claims that the worker has a terrible absentee record so we get into a debate about it. If we cannot convince the company to reinstate the worker, then we take the grievance to arbitration and take our chances there. However, in contracts in which we have no arbitration clause, we have to resort to strike to win the grievance. When you call workers out on strike too often, they will vote against striking no matter how valid the grievance.

Even if labor isn't making today the gains it made before, we're not selling people down the river—that's the point I am making here today. Labor has historically had its strong periods and its weak ones. In 1837, a depression wiped out the labor movement; in both the 1850's and in the 1870's labor suffered tremendous setbacks. In the 1920's the labor movement was weakened seriously through company unionism. Thus, what we're seeing in the auto industry and other industries today is by no means the first setback labor has suffered.

Union leaders have responsibility on a local level. For example, I am President of District 3, IUE, with 125 locals; I am judged on what we do locally. The labor movement is run locally, not by some big guy in Washington to pull the strings and say, "Hell, we're going to have a militant labor movement." AFL-CIO President Lane Kirkland didn't organize labor's

7. The Ford Motor Company plant in Mahwah closed on June 20, 1980. See N.Y. Times, June 21, 1980, at A1, col. 1.

march on Washington in September of 1981. It took thousands of resolutions, meetings, phone calls, and telegrams to get him to support the march. With the present leadership of the AFL-CIO, labor has opportunities if we act at the local level. What is preventing us from moving down below is that we do not have the day-to-day, hour-to-hour communication that we're supposed to have. We need this improved communication to better educate the labor electorate. It's little wonder that some voted for Reagan in the labor movement. How the hell can working people, subject to the same television and radio programs and the same newspapers as college professors, law students, and accountants, be smarter than they are? Everywhere I go I am asked why labor voted for Reagan. I respond, Why did you do it? In any case, fifty-eight percent of labor union members voted against Reagan and forty-two percent voted for him.⁸

Our job as union leaders is to educate and to organize the rank and file. But we're lucky when twenty percent of the membership attend monthly meetings. Meanwhile, management sees them every hour of the day. They are able to meet with employees and distribute pro-management material.

If we're going to have resurgence in the power of labor we can't look to Washington, to the center of power; we've got to look to ourselves wherever we are. We must start by resisting Reaganomics. We expected 2,000 people from my district to march on Washington and we got 5,000 people. The march brought 500,000 people to Washington. I daresay that if we held it today we'd have one million people there.

The question now becomes: what alternatives can the labor movement offer? Obviously we must fight big business' effort to take over the government and its laws. Last year we fought Reaganomics in its embryonic stage through rallies of students, poor people, blacks, minorities, women, and labor union people. The economic situation is now even worse. There are opportunities for struggle, but "Solidarity Days" cannot do the job. We must start at the shop level, which will require daily communication, education and organization. We need a program, an alternative to the economic theories that now exist. If you go to the rank and file now and suggest the creation of a third party, as my colleague Anthony Mazzocchi has suggested today, you need a platform that displays understanding and support of issues in the plant, such as jobs, social security, imports, and taxes. We should all oppose Reaganomics, and show the people that we can resist politically, by getting people registered to vote, seeking out candidates that will do the best job, and by subjecting candidates to a test of where they stand on critical issues. I think we'll begin to resist concession bargaining

8. The N.Y. Times on November 9, 1980 indicated that on the basis of a CBS/N.Y. Times poll, 44% of labor union households voted for Reagan. See N.Y. Times, Nov. 9, 1980, § 1, at 28, col. 3. On February 21, 1981, the N.Y. Times reported that an AFL-CIO poll indicated that 42% of labor union households had supported Reagan. See N.Y. Times, Feb. 21, 1981, at A10, col. 1.

and the political apathy that has set in as big business has taken over. A coalition of 150 different groups joined with labor in the march on Washington. I believe that that type of joint effort points the way to the future.

SUMNER ROSEN*

I want to remind you that the qualities of militancy, commitment, and dedication, that the spokesmen for the trade union movement have expressed to you today, represent values which have been important throughout labor's history. However, labor now faces a highly "stacked deck." I will discuss the way it is stacked and suggest how it might be "unrigged."

The collective bargaining trade union era, which is now ending, is the product of three things, the first being an era of economic growth which began during World War II and continued until fairly recently. This growth has either ended or has at least substantially slowed for an indefinite period. Secondly, there has been a consensus between the major political parties, the trade union movement, and the employers of this country, that collective bargaining is a superior and preferred way of solving plant level and economic disputes. Thirdly, it followed that the State would be relatively neutral in monitoring, mediating, and setting the rules for the relationship between these parties. In my judgment, all three of these conditions are now at risk, which helps to explain why the labor movement is in trouble. Rather than applauding the kind of labor "statesmanship" that Professor Rees has described, I deplore it because I find it an expression of labor's weakness, desperation, and lack of alternatives.

Let me address the post-war economic changes and where these changes leave the labor movement. First, economic growth, which was the key to labor's success, is now ending. Secondly, our urban industrial economies are breaking down, which threatens our highly urbanized labor movement. Urban job-growth is slow; in fact, in New York it was negative for the 1969-1976 period.¹ The rate is now modestly positive.² Thirdly, the increasing percentage of women in the work force as a result of changes in the economy and changes among women themselves, has drastically altered our largely male labor movement.³ Fourthly, we now have a white-collar service

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1. N.Y. Times, Oct. 6, 1981, at B3, col. 5. The Times reported that New York City lost 620,000 jobs in the period from 1969 to 1976.

2. *Id.* The Times also reported that from 1976 to 1980, there was a 5.1% increase in jobs in New York City. Manhattan was the only borough to record a net gain (of 135,000 jobs), which brought the total number of jobs to 2,801,400.

3. BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR, BULL. 2105, EARNINGS AND OTHER CHARACTERISTICS OF ORGANIZED WORKERS 5 (September 1981) (women accounted for 32% of the 22,493,000 employed wage and salaried workers represented by labor unions).

economy, rather than the largely blue-collar work force that fueled the labor movement before the war. In addition, the Midwest and the Northeast, the older industrial areas where our labor movement is rooted, are rapidly deindustrializing.

I would add as an aside that there are only twenty-two states in this country in which there are a quarter of a million or more trade union members, and that only twelve states have half a million or more.⁴ This concentration affects the political power of the labor movement by allowing a relatively small number of states to make economic and social policy decisions. In the past year, at least, President Reagan could count on the remaining nonunion states—which constitute Congressional majorities—to support his economic policies.

I also think that the process of technological change and economic adaptation is lowering the skill level of the labor force. This reduces the economic value of work, making it increasingly difficult for the collective bargaining mechanism to deliver decent wages, hours, working conditions, and a decent standard of living. Finally, the newly diversified, merged conglomerate, multinational corporate sector overpowers the labor movement which is still rooted in the old model of company-based or industry-based collective bargaining relationships.

Taken together, the economic trends of the last ten to fifteen years have rigged the deck against the labor movement in a way that the Reagan supporters are only too willing to exploit.

Now, let's look at the outcomes. One is that in the election struggle, there is now a virtually unlimited stream of corporate dollars available for influencing election results at every political level, thanks to the Supreme Court⁵ and corporate organizing. In 1982 and 1984, as in 1980, corporate influence on the election process will vastly outweigh that of the progressive forces, including the labor movement. In addition, since 1967, the real income of the work force has remained stagnant or has declined, which means a shift of wealth and income in this country, from the wage earners to other income groups. This exacerbates labor's inability to make substantial political contributions and increases the disparity between labor and management's influence on the political process.

New kinds of corporate-management initiatives have also been developed, which I view with a good deal of skepticism. I refer to the seductive trap of "quality of work life," that is, the Japanese quality circle model that

4. BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR, BULL. 2079, DIRECTORY OF NATIONAL UNIONS AND EMPLOYEE ASSOCIATIONS (September 1980 update) (the twelve states with more than half a million members are California, Illinois, Indiana, Massachusetts, Michigan, Missouri, New Jersey, New York, Pennsylvania, Texas, Ohio and Wisconsin).

5. *Buckley v. Valeo*, 424 U.S. 1 (1976) (*per curiam*).

gets such attention.⁶ While one can democratize the shop floor within certain limits, other processes simultaneously liberate the migration of capital at the corporate level. Unless the labor movement makes changes at both the shop and the electoral levels, working people and unions—including some friends in the United Auto Workers—are going to fall into a trap.

Stratification of occupations and incomes is increasing, and this undermines the basic solidarity on which significant social labor struggles depend. Workers have been fragmented and isolated from one another in politics, in the labor movement, and in bargaining. For example, public employees were for many years “reluctant children” of the labor movement. Public workers were not really seen as bona fide trade unionists. Only when public workers were able to develop patterns of militance, struggle, and strikes, and to increase their numbers were they able to win respectability and acceptance within the labor movement.

The current wave of union concessions is certainly evidence of strong corporate dominance in this recession. I recently spoke with an old friend, one of the most respected labor leaders in this country, who has just retired after a brilliant career of forty years. He said, “After watching what’s happening in my industry, I think I may have gotten out just in time because I see a disaster coming.” That’s frightening and sobering.

I want to caution against what I term a “voyeuristic” attitude toward the labor movement, which can lead to a tendency to rush to judgments and to walk away from struggles because of one’s education and career prospects. My fellow speakers at this colloquium are men who have spent their lives in the labor movement. I hope that you understand the dilemma they face and admire and respect their determination to continue the struggle.

Today’s workers face not only high unemployment, but the deliberate reduction or elimination of unemployment benefits, occupational health and safety regulations, and protection for workers damaged by imports. There has been a deliberately imposed slowdown of public-sector employment, which means that the recent surge of union organizing in this area will come to a halt. We also have accelerated capital migration as a result of the tax reform legislation of 1981.⁷ This can further destabilize an industry and with it, the labor movement.

There are three possible sources of optimism, however. First, President Reagan’s economic initiatives are in a state of collapse. The discrediting of these economic policies is demonstrated by recent articles in the media on the possibility of a depression. “Depression” is a scare word. People in the

6. N.Y. Times, May 25, 1981, at D1, col. 3. The Times reported that the National Steel Company adopted the “quality circle” method used in Japan in order to increase productivity.

7. Economic Recovery Tax Act, Pub. L. No. 97-34, 95 Stat. 172 (1981). The Act allows businesses to “write off” their capital investments at a faster rate than ever before.

media don't use it unless they have a message to deliver. The collapse of Reagan's economic policies is approaching and with it this administration's programs in other areas.

Second, the prospects for international labor collaboration, while still quite small, may grow. I was very impressed with occupational health programs that I saw in Denmark recently, until a Danish national said to me, "Remember, these are the fruits of economic growth. We also have stagnation, and eight, nine, and ten percent unemployment rates." As Western capitalism reaches a deep-rooted crisis, labor is going to have to reach out across national boundaries as capitalist groups have already done.

Thirdly, I'm impressed by the organized opposition to some of Reagan's key policies. The attack on Secretary of the Interior James Watt's environmental pillage, the attack on nuclear escalation and the mobilization against El Salvador, are all evidence of the potential power of a broad-based opposition to the President's policies. Similarly, the recent response of the middle class to cuts in funds for higher education indicates that the middle class still has some clout in this country, and can be organized for political involvement.

My conclusion is—and this really is a message to my friends in the labor movement—that the labor movement and the middle class need each other. Neither is effective without the other. There was once a time when progressives in the middle class (many of them now are professors of law, professors of labor relations in major universities) and people in the progressive wings of the labor movement were able to work together and trust each other. I argue that this coalition of interest groups is what we need for the future if the labor movement is to confront successfully the debilitating economic and political trends it now faces.

DISCUSSION

STANLEY ENGLESTEIN, MODERATOR: We have certainly heard a diversity of voices, both in tone and in substance. At this time, I'll give everyone the opportunity to address any of the remarks of the other speakers.

ANTHONY MAZZOCCHI: Labor has been attempting to cooperate with management and that, I would suggest, has been the basis of our problem. Because cooperation as management defines it, is co-optation. We have diverging interests, and those interests don't meet for the most part; they're a class interest. Management makes no bones about their duty to maximize the rate of profit. Our job is to get as much of the pie as possible. We're in a different configuration today than we've ever been. We're asked to give up, for the first time in history, not only economic gain, but our lives. In the oil industry, for instance, the industry won't tell us how long we live. Our data shows, we think, we live nine years less than what an average American expects to live. We get more cancer, more birth defects among the children of our membership, more heart disease. That's a subsidy that we've been

giving to this industry. Over the last ten years we thought we had the ability to begin to withdraw that subsidy; that's abruptly come to a halt. What's been suggested is that Reagan is the devil of the present crises. I would suggest that if you backtrack you will see that both parties had a direct hand, and the only difference is the rate of speed. If you're guillotined or hanged, the trauma to the neck is the same. As I see it the labor movement is at a crossroads. I will maintain fiercely we've lost our membership. We are alienated from top to bottom. We lose more elections than we win. Archie Cole's example is a rarity; most National Labor Relations Board elections go against labor for the reasons Brother Cole spoke about. The law, of course, is weighted on the employer's side. Any employer who decides to engage in dilatory tactics and violate the law has the best of all options. Just violate it. And after he gets slapped on the wrists with a feather, an organizing drive is dead. The question is, What do we do about this uneven balance of forces? If there is a third party in this country, there is a third party of nonvoters, a very appreciable party in size. I campaigned in my own union election from border to border and from ocean to ocean, and I raised the question of a labor party. And, we have very sophisticated members. The most sophisticated of the membership sleep on election day. I think that's a real high degree of sophistication, because they feel that they can't change things by electing Joe Doaks, as opposed to John Doe. At that convention, which was sharply contested, there wasn't a single dissenting vote on a call for the creation of a labor party.

Oil, chemical and atomic workers, I would suggest, are among the more conservative workers in this country, highly paid. But, even they recognize that the system doesn't work as it is presently constructed. Sure, we've gone through recurring crises. But each one is worse than the one preceding it, and I agree, we are probably in a time similar to the 1920's, where the very destruction of a labor movement is at stake. Whether it resurrects itself, is not an issue I want to deal with at this time; I want to make sure it's not destroyed because I still think working people are still the firmest bar against war and racism. War is certainly a fact that we have to deal with as a practical reality, and as an option that the bosses may engage in to try to get out of this present dilemma.

ALBERT REES: I agree with Professor Rosen. I think the labor movement, as a movement, has alienated itself from the middle class, and I think it would be highly beneficial to the labor movement if that alliance could be reestablished. I don't think it would be reestablished through the rhetoric of militants or class struggle, or blaming the bosses for all our difficulties, because I think that kind of language alienates the middle class. The labor movement alienates much of the present generation of college students, much as it may have appealed to the college students of the thirties or the forties.

I see this problem most clearly within my own profession of economics. If you ask yourself who among the economists are most hostile to the

organized labor movement, it is some of the liberal Keynesians, the people at the Brookings Institute, people like the late Arthur Okun, who are calling for wage controls and who are blaming the labor movement for inflation. I don't happen to think the labor movement has much to do with the current inflation. But there are an awful lot of Democratic, liberal economists who feel this way. Why the communication between liberals and the economic profession, and the labor movement, has broken down so badly, I don't know. But talking about the evils of the capitalist system is not the way to restore it.

ARCHER COLE: I received a call from a reporter of an Albany newspaper, I forget the name of the paper. She said, "I know your union is girding for negotiations against GE and Westinghouse; what is your perspective?" I told her that we're going to go for substantial wage increase, improved cost-of-living, better pensions and other fringe benefits, and she asked in exchange for what. I said a day's work. She said, "Aren't you going to give back anything?" I then gave her the latest profit figures of the General Electric Company, which believe me, are most substantial, running into five hundred million dollars after taxes this year. I explained to her that throughout our union, as we negotiate, we will be dealing with employers the way they are, not the way they are being painted (either all broke or all affluent). I wouldn't have liked to be in the situation of Doug Fraser and my friends in the UAW in the past month, because we are in the era of plant shutdowns and industries going under.

If anybody had told me ten years ago that we'd probably be left with one automobile company in the United States (and we will be—General Motors), I would not have believed them. Chrysler is in dire circumstances, and so is Ford, and American Motors is no force to be reckoned with in this country, because of the whole problem of imports and technology. It's hard to say to your people, your jobs are not the important thing, and the important thing, now, is to hold on to that three percent improvement factor this year. Or, to hold on to the cost-of-living formula the way it is. What the UAW did try to do was cut their losses at the same time as they aimed at the jobs, so that they would still have a union to fight management in the future, and in the present. They have a tough struggle because they are divided on this issue.

It's no easy thing; the reason why they got away from the table at GM is that there was such a short split. I think that the reality of the situation is that each bargaining team will have to determine for itself what its priorities are. If GE is making dough, this is the year for tough bargaining. The same is true at Westinghouse and RCA; they haven't lost money. But, if we confront a GM or other companies that have been losing money, we have to take that into consideration, because I still believe that the job is number one under this system.

Without this consideration you don't have a labor movement, you have a bunch of desperate people going in a hundred directions. So, I don't fault

the UAW. What we do fault is an overall policy of identifying where this country is going, and how it's being turned over, and how it's being wrecked by economic policies which are designed to enhance the multinational and destroy our job security here. Now, this is the kind of thing we have to be exposing. People are ready for it now, both the people who don't vote, and the people who do vote. I don't think we should be debating now whether we have a third party or not when the real issue is how do we fight back now in 1982. Ten years ago, the American corporation paid twenty-seven percent of all taxes, all revenues, to our government. The Reagan budget for 1983 reduces that figure to nine percent of all federal revenues that will be contributed by the corporation. Now, if we ever get this information to the people, it should make Proposition 13 on the West Coast a pink tea party by comparison. Why not a tax revolt against the corporation? The struggle has to be made, the issues are there. We have to identify with the middle class and the poor; certainly labor has to be up front on all these issues.

AUDIENCE COMMENT: This question is addressed to Mr. Cole and Professor Rosen. The labor movement has been male-oriented and blue-collar oriented and I see no reason why it should remain that way. I think the most fertile ground is in areas that haven't been covered; women can be organized. I think that the severe economic circumstances will make people realize that we're all in the same boat; we're in a lifeboat that's going down. But, I feel that there's been somewhat of a chauvinistic, or rather closed attitude on the part of labor, too. We have to break down these barriers between lower-class blacks, women, and others.

ARCHER COLE: It's no accident that one of the key speakers at the March on Washington was Ellie Smeal, the head of NOW. It's no accident that labor is in one of the forefront organizations for the E.R.A. Our union sued the General Electric Company for its discriminatory practices in health and welfare benefits; pregnant women had no rights.¹ We actually lost the fight in the Supreme Court when Congress passed the law. Within six months of that defeat a coalition of women's organizations in IUE and AFL-CIO turned that around. Our union now is in the forefront of what they call comparable worth. Comparable worth is when you judge the job and not the person who does it. We've been in that struggle when I was in the IUE 45 years ago. We showed that the woman worker was paid less than a sweeper no matter what skills she had. The labor movement is reaching out and many of the shops we organize in our industry are eighty percent women. We have to work with women and I'm happy to say under the leadership of the AFL-CIO, they recognize this. I don't think George Meany would have taken on some of these struggles that we have now. We are in a new era and have to take advantage of it.

1. *Geduldig v. Aiello*, 417 U.S. 484 (1974).

AUDIENCE COMMENT: My name is Ben Bedell. I would like to address my question to Mr. Mazzocchi. If the givebacks are so bad for the members of the unions why were the contracts overwhelmingly ratified, in both the UAW and the Teamsters?

ANTHONY MAZZOCCHI: I'm saying that concessions and givebacks are bad; that it's the beginning process of a long retreat. I'm saying that given the situation that Archer Cole described, the disparity in the power relationships, and the lack of options, an individual union probably will find it very difficult to fight givebacks. There's demoralization among the rank and file; there's mass unemployment. They haven't welcomed the givebacks, but you have to look at givebacks within the context of the political situation.

Workers aren't giving back because they want to give back; it's out of fear. They wish to hold a job, they think by giving back they may hold their job. I am suggesting that probably it will be proven not to be so; that it's going to accelerate the flight of capital; it's going to accelerate robotization and these jobs will move away and all we're participating in is our own demise. We've got to develop a situation differently than we traditionally have. Based on my own experiences, the labor movement as it's now constituted, can't deliver. We're without a program; we're in retreat. We're trying to grasp at a straw that if someone else is elected, they're going to bail us out; we can only bail ourselves out. We need internationalization of the labor movement and multinational cooperation. We deal with the multinational oil industry. If you want to know what power and arrogance is, deal with this industry. We struck 364 days against Shell, did not have a single scab go through the line, and yet, did not stop an ounce of oil. You talk about productivity in the oil industry, one of every three persons is a supervisor who doesn't contribute one iota to production. It has nothing to do with production, that's the essence of the power relationship. We've got to address this in a totally different context, and that's why I'm suggesting a new political structure.

This is just not idle rhetoric, it grows out of my own experiences. I played a long role in traditional labor approaches, and I ate all the labor rhetoric in response to questions about where the labor movement is. I'm at the point in my life where I see we're being trounced; we can't deal with corporate America. The sides are uneven and they're going to beat us into the ground. We have to be able to articulate a program. I agree, we've got to develop that program. We've got to deal with mobility of capital. We've got to deal with investment decisions. We've got to deal with a program that is opposed to givebacks.

The oil industry got givebacks from oil workers. The oil industry earns forty cents profit of every dollar. We represent one cent of labor costs at the pump, even if you throw in a Christmas turkey. There was no economic reason in the world for the type of givebacks that took place in this last collective bargaining session with the American oil industry. It was the

exercise of absolute power. They have political power and they are exercising it now down on a plant level.

That is why people are voting for concessions; they are voting out of pure fear, not logic. Most of them feel opposed to it. People can barely make it without having the giveback to General Motors, whose productivity record is still better than the Japanese in 1981, whose profits are still among the highest and who had the greater percentage of the domestic market than they had ten years ago. There was no reason for the givebacks.

I understand where the union is, it's up against the wall. The long answer to that short question is, workers are voting yes because there isn't a viable alternative. We have not given them a viable alternative. The only way we're going to give them one is as a labor movement not as individual fragmented unions.

AUDIENCE COMMENT: My name is Donald Greenstein. A comment was made regarding the corporate tax. Peter Drucker says that corporate tax is a regressive tax and a drain on the workers. I would like someone to comment on that and the question I had was: Can labor use its leverage in participating on the Taft-Hartley management-pension boards, and their leverage in their vast private pension funds to force changes? I have one comment. The profit of General Motors was due to the change of an actuarial assumption of one percent on the interest rate in the pension portfolio. That's what they alleged.

ALBERT REES: I think there is a case in principle for not having a corporate income tax and for instead applying the individual income tax directly to corporate earnings; that is, to tax the owner for his share in the corporate earnings rather than taxing the corporation as an entity. Each owner would then be taxed the appropriate marginal tax rate. Now, having said that there's a case for it in principle, I also think it would be tremendously hard to implement. At this point, where we are running a tremendous deficit and perhaps need all the corporate tax revenue we can get, I am not sure I would put that at the top of my agenda.

AUDIENCE COMMENT: My name is Gerry Lampton and I'm a member of the Review. The union responses that I've heard have been fairly cut-and-dry. I'm just wondering, given the degree of adversity between union and management, what kind of new, creative responses are being formulated, instead of simply, "Let's go take this away from management." Instead of the usual rhetoric, "Management is making all its profits, let's force them to keep the plants in this country," how are we making it possible for American business to keep its plants in America and maintain its profitability, which, in my view, is in the interest of both management and labor?

ANTHONY MAZZOCCHI: Certainly U.S. Steel's purchase of Marathon, not for its above-the-ground facilities, but for what's in the ground, is not the way to go. I'm saying there's no way you can deal on a cooperative basis;

this is an adversarial relationship. I don't think we should leave investment decisions solely to corporations, because if it were left to the steelworkers and oil workers, U.S. Steel wouldn't be allowed to invest that type of money to buy up a situation that's not going to create a single job. We all shouldn't get together to cooperate; we had a long thirty years of that business and we are where we are now: dilapidated plant and equipment, an infrastructure in this country that's falling apart. We have to direct our attention to recreating a totally different situation than what exists. And I'm afraid it won't be an easy road, and I know people object to militant rhetoric. I wish there was an easier way. I've been a bureaucrat long enough to know that I'd rather be comfortable than to fight. But I'm afraid comfort has been removed from my life.

SUMNER ROSEN: As long as freedom to invest was consistent with widespread and sustained economic growth, there was really no need to raise these significant questions. Second, as long as the bulk of investment was domestic, that was also the case. The time has come to challenge these relationships. First, we must begin to assess the social costs of this investment in a way that we never have done, particularly the disinvestment which leads to the regional pauperization of whole areas. Felix Rohatyn spoke the other day about half the nation being the clients of the other half, the pauperized clients of the other half. Now I do not think Felix Rohatyn is a practitioner of radical rhetoric, and when he said that, I took it seriously as his vision of what the trends are. Second, democratic control of those investment decisions can be promoted in a variety of noninflammatory, nonrevolutionary ways. Some countries have had some experience in doing that. Third, it seems to me that the rights of workers to share and perhaps to control the investment decisions which put their own lives, their own livelihoods, and communities at stake ought to be taken far more seriously than we do today.

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