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An Evaluation of Industry-Wide Collective Bargaining

Mary Zita Cantwell

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AN EVALUATION OF INDUSTRY-WIDE COLLECTIVE BARGAINING

by

Mary Zita Cantwell

B.S. in C., Saint Louis University, 1950

A Thesis submitted to the Faculty of the Graduate School of the University of Colorado in partial fulfillment of the requirements for the Degree Master of Science

Department of Economics

1955
This Thesis for the M.S. degree, by Mary Zita Cantwell has been approved for the Department of Economics by

\[\text{Signature}\]

Date May 20, 1955

In view of the emphasis on uniformity, which is characteristic of industry-wide bargaining, there is danger that the local firm will lose its identity and the local union will become only an administrative arm of the national union. Industry-wide patterns must be adapted to the local level because the average industry is made up of heterogeneous rather than completely homogeneous firms. In the industrial structure, the firm
The problem of industry-wide bargaining has only recently assumed sizeable proportions in the field of labor-management relations. It is the result of evolutionary rather than revolutionary changes in the industrial relations scene.

An historical basis for industry-wide bargaining can be found in the very beginnings of collective bargaining in the United States. As the business enterprise increased in size and scope of operations so the trade unions followed this development. The labor movement's goal of union security forces unions to control job opportunities and standardize wages and other conditions of work at the competitive product market level. With the growth of trade unionism in the 1930's, the unions were able to devote their full energies to the realization of the above goal.

In view of the emphasis on uniformity, which is characteristic of industry-wide bargaining, there is danger that the local firm will lose its identity and the local union will become only an administrative arm of the national union. Industry-wide patterns must be adapted to the local level because the average industry is made up of heterogeneous rather than completely homogeneous firms. In the industrial structure, the firm
is the primary socio-democratic unit; the industry depends on the firm for its life.

Industry-wide bargaining is not a policy formulating device. A tripartite organization should be set-up to formulate a framework within which industry-wide negotiations may be successfully carried on. This authority should stand between the government and the public. Such an organization may not be legislated into existence; rather it is the result of education and experience.

This abstract of about 250 words is approved as to form and content. I recommend its publication.

Signed
Instructor in charge of thesis
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...a curious mixture of salesmanship, threats, persuasion, face saving, waiting, promotion and defense of philosophies for the purpose of making some rules governing productive activity.¹

The methods of collective bargaining vary from union to union; they vary with the structure of the industry, the nature of the product and its market, the history of union-management relationships, and so forth. Yet despite these individualizing tendencies there is a basic common characteristic which may be used to describe all collective bargaining.

How have several economists defined this common nature? Hoxie calls collective bargaining a "... mode of fixing the terms of employment by means of bargaining between an organized body of employees and an employer or an association of employers, usually acting through duly authorized agents."² A broader definition states that collective bargaining is "... the mutual participation


CHAPTER I

INTRODUCTION AND DEFINITIONS

Collective Bargaining

Collective bargaining has been called... a curious mixture of salesmanship, threats, persuasion, face saving, waiting, promotion and defense of philosophies for the purpose of making some rules governing productive activity.\(^1\)

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of employer and organized employee in the determination of their general terms of relationship.  

In the National Labor Relations Act, collective bargaining is defined as

... the performance of the actual obligation of the employer and the representative of the employees to meet at reasonable times and confer in good faith with respect to wages, hours, and other terms of an agreement, or any question arising thereunder, and the execution of a written contract incorporating any agreement reached if requested by either party.  

This classification is important from the industry-wide point of view because of the generality implied in the term "other conditions of employment."

Any definition of the collective bargaining process cannot overlook the fact that the bargain is a dual agreement made by and for both management and labor and also that the parties mutually participate in developing the contract.

With industry-wide bargaining in mind, collective bargaining is called a process whereby an employer or an association of employers and their association of employees mutually determine a contract covering wages, hours of work, and other conditions affecting the employer-

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employee relationship.

Industry

One of the most illusive concepts in economics (and in establishing the nature and extent of industry-wide bargaining) is the definition of an "industry." Loosely used in modern parlance the term now has dozens of meanings. Yet a particular boundary in its regard is essential to the labor economist, union leader, and management representative.

Industries are sometimes distinguished on the basis of a particular process, such as bookbinding; or they may be characterized by the specific or generic products they make. Examples of the latter two classifications are found in the anthracite or bituminous coal mining field or in the automobile industry. Firms are also grouped according to specific services performed—the railroads or the trucking industry. And in some of the more complex industries (electrical goods) union jurisdiction provides the boundary lines.

One characteristic must certainly be present in any industry regardless of how it is distinguished; an amount of homogeneity among the firms within the group is essential. No effective or useful organization will exist without some product similarity.

An industry of itself has no function or use and in this characteristic is analogous to society. As a
society depends for its existence, aims, functions, and so forth on the individuals comprising it, so an industry depends for its life on the firms included within its boundaries.

Albert Meyers calls an industry "... a group of firms producing a homogeneous commodity or a group of commodities that are close substitutes." This definition excludes the possibility present in labor economics of two industries producing entirely differentiated products joining forces to prevent employer action which they consider disastrous. Also, commodities are spoken of in the above classification, but services are not included.

Both Bain and Stigler bring out the fact that a certain amount of flexibility must be expected among firms comprising an industry. Seldom are various plants found to be identical in size, type of labor-management relations, managerial ability, and worker skill and production capacity, to mention only a few points. According to Bain, an industry is "... a group of products among which there are high cross-elasticities of demand but which have very low ... cross-elasticities of demand

An industry, mindful of particular flexibilities, is made up of a group of firms whose product(s) and/or service(s) are close substitutes and appeal to a common group of buyers and are, as a result, characterized by some competition.

Industry-Wide Collective Bargaining

While industry-wide collective bargaining has existed successfully for a number of years it has only recently come to be an important issue in the field of labor-management relations. A clear, uniform definition of this division of collective bargaining is seldom to be found "... the term 'industry-wide bargaining' must be used with a considerable amount of flexibility. It does not lend itself to precise definition since it can be, and has been, applied to different situations."

In a literal sense, industry-wide collective bargaining is defined as "... collective bargaining between representatives of the employers and employees in


an industry for the purpose of arriving at a mutually ac-
ceptable agreement to cover all companies in an industry.\textsuperscript{8}
Such a definition, though, must be modified to make it
useful in a realistic situation. The essence of industry-
wide collective bargaining is still retained even if part,
usually less than 50 percent, of the labor force and part
of management are not included in the master agreement.
Either formal or informal authority may be given unions
and employers' associations to speak for their members
and the bargaining spokesman for the employees or the
union may represent a single craft or a large industrial
unit. An ever increasing variety of issues are included
in the negotiations and from the above definition of an
"industry" it is evident that the term may cover a group
of firms producing similar products or services.

Industry-wide collective bargaining follows the
industry and is therefore grouped on a local, regional,
or national basis. Smyth and Murphy include within their
definition any bargaining not done on an individual plant
basis.\textsuperscript{9} But this is not in keeping with the "industry-
wide" part of the term.

Data which determine whether or not industry-wide

\textsuperscript{8} Labor Course, New York, Prentice Hall, 1948,
paragraph 12, p. 124.

\textsuperscript{9} R. C. Smyth and M. J. Murphy, "Industry-Wide
Bargaining," Personnel Journal, XXVI, September 1947,
p. 110.
collective bargaining applies in a given area are classified both by quantity and quality. Qualitatively the data are classified according to products or services. Since the industry-wide unit rarely includes 100 percent of the firms in an industry such a classification is too rigid. It must be modified by a quantitative review of the data—some percentage, usually more than 50 percent, of the firms have to be included in the bargaining unit.

Professor Pierson's definition of industry-wide collective bargaining is most logical in view of the "imperfect" nature of the industry structure.

Bargaining is on an industry-wide basis when negotiations over one or more issues are conducted by two negotiating bodies, one of which on the worker's side represents, either by formal or informal authorization, a majority of all employees within an industry, or a majority of all employees in a particular category or work, and the other of which on the employer's side represents, either by formal or informal authorization, a majority of all the firms or plants in the industry.

The terms "industry-wide bargaining" and "industry-wide collective bargaining" are understood to have the same meaning.

Pattern Bargaining and Union-Wide Bargaining

Two types of collective bargaining which, while

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producing results similar to those of industry-wide bargaining, do not fall into this category are pattern bargaining and union-wide bargaining. Either of these types of bargaining frequently leads to industry-wide bargaining.

In pattern bargaining the union bargains first with the most influential, usually the largest, firm in the industry and then uses the resulting agreement as a pattern in negotiations with the other firms. Pattern bargaining is the practice in the steel industry; United States Steel Corporation is considered the pace-setter. This type of negotiation approaches industry-wide bargaining on an informal, narrow basis.11

Union-wide bargaining exists where a single union bargains with a number of differentiated producers over a wide area made-up of one or more employer associations. The teamsters' union offers an excellent example of this variety of collective bargaining.

Other Divisions of Multi-Employer Bargaining

Industry-wide bargaining is one division of multi-employer bargaining. Two others, regional and local area bargaining, were mentioned above. They and one other form of such bargaining deserve mention.

As the terms imply, local and regional collective bargaining are types of negotiations carried on between a union and an association of employers on either a city or an area level. Local multi-employer bargaining exists where the competitive area and/or the majority of firms are limited to a specific community. Multi-employer bargaining on a regional level is fitted to an industry if the location of the firms, the competitive area, the problems of the laborers and of management all fall in a given region.

Company-wide bargaining exists where large multi-plant corporations are found. This is truly the fore-runner of present industry-wide bargaining. Even without the impetus given by unions and government, labor relations would be company-wide simply because of the pressure of large business organizations on the labor movement.

Four distinct characteristics are evident in any type of collective bargaining. One may be called a theory of standardization--wages and conditions of employment are determined by the bargaining strength of the two parties, management and the union. The bargaining strength of the employer is always greater than that of the individual worker because of such factors as superior knowledge, a lesser thing at stake (life for the worker as compared to profit for the employer), and a potential over-supply of labor. As long as individual or competitive bargaining persists it tends to drive down wage standards and conditions of work. This deterioration may be overcome only through worker combinations to bargain on an equal level with employers.
CHAPTER II

THE EVOLUTION OF INDUSTRY-WIDE BARGAINING

Introduction

Before embarking on the consideration of the development of industry-wide bargaining two things should be borne in mind regarding trade union policies:

1) union theory is not a definitely stated body of ideas; rather, as union activity, it follows an opportunistic course; and 2) the union should not be thought of as a bargaining agent concerned with reducing hours, raising wages, and improving working conditions—unions are social as well as economic organizations.

Four distinct characteristics are evident in any type of collective bargaining. The first may be called a theory of standardization—wages and conditions of employment are determined by the bargaining strength of the two parties, management and the union. The bargaining strength of the employer is always greater than that of the individual worker because of such factors as superior knowledge, a lesser thing at stake (life for the worker as compared to profit for the employer), and a potential over-supply of labor. As long as individual or competitive bargaining persists it tends to drive down wage standards and conditions of work. This deterioration may be overcome only through worker combinations to bargain on an equal level with employers.
The second theory refers to definite standards of work and pay. The employer is constantly trying to re-introduce individual bargaining and to drive down wages and standards; often through methods of such subtility as to pass by the imperceptive worker. Collective bargaining leads to clear specifications of conditions of work and so offsets the individual worker's lack of knowledge and the weakness of his bargaining position against that of the employer.

Thirdly, collective bargaining is beneficial to the employer. The union claims that such procedures will increase the supply of skilled labor available to the employer. Collective bargaining will also increase the efficiency of the work force, will stabilize the work front, and, if all employers in an industry are organized, it will reduce competitive wage cutting.

Lastly, collective bargaining may give rise to a double sided monopoly which from a purely theoretical point of view is advantageous both to the union and to management.¹

The history of trade unionism and that of collective bargaining are closely related for collective bargaining is one of the major reasons for the existence of trade unions. Randle suggests the following conclusions

which may be drawn regarding the evolution of collective bargaining.

1. Collective bargaining is one of our oldest economic institutions—predating the business corporation.

2. Collective bargaining has been steadily growing in terms of expansiveness and penetration as evidenced by:
   a. increase in the number of bargaining units and employees represented
   b. extension of collective bargaining into industrial areas of the South, into small cities and towns, and into mass production industries
   c. representation of a greater range of skills spreading from skilled to semi-skilled and white collar workers
   d. extension of the area of bargaining from plant-wide, to city-wide, to region-wide, and finally to industry-wide.

Yet despite its historically proven antiquity, collective bargaining is regarded by many as a modern institution. Probably the new-old view of collective bargaining lies in its discontinuous use. Collective bargaining is inseparable from trade unionism, which was itself an unstable institution until the 1890's. Neither the employer nor the worker could learn to use collective bargaining until stable trade unionism developed and unions became a recognized American institution.

The interested reader is confronted with a tremendous variation in the place and time of practice in the

industries using collective bargaining. In the older industrial centers, New York, Boston, and Philadelphia, it was in general use by the early 1800's. The printers and cordwainers were among the earliest unions to advocate joint settlement of wages, hours, and working conditions. It sprang up as an industrial practice in other communities where, because the bargaining lacked connection with previously established systems, it was thought to be a new industrial relations technique.

The important influence of diverse local factors should not be overlooked in the success, failure, or non-existence of collective bargaining attempts. Municipal politicians, with an eye to the labor vote, at times gave collective bargaining a "push." Adverse or favorable court decisions had their effects, too. Public opinion, the press, and the popularity and strength of labor leaders complete the list of important local influences.

A third factor giving rise to what Chamberlain calls a "bifocal" view of trade unionism was changes in the structure of trade unionism and business enterprises. The original unions were developed along craft lines on a lateral basis corresponding to the local markets served by most early business enterprises. As industry expanded and covered a national market, so did trade unionism become national in scope. Finally, the development of the

mass production industry led to the success of the industrial type union. The tremendous impetus given to industrial unionism in the 1930's gave a feeling of "new" collective bargaining actually corresponding to the new type of union structure.

Collective bargaining may be called an "agreement between management and the union on the general terms under which the worker would consent to work." Before 1900 these agreements just covered wages and hours, but since the turn of the century the scope of the bargain has been ever increasing.

Industry-Wide Bargaining Prior to the 1930's

Industry-wide bargaining existed in some industries before the 1930's but it was not a widespread industrial practice nor did it receive much attention from unions or management. For the unions were attempting, during this period, to secure a permanent place in the industrial scene.

With the growth of trade unionism in the 1930's, and aided by favorable government policy, the unions could concentrate on a goal which had been evident throughout the evolution of the labor movement, namely, a standardization of wages and other conditions of work. The union wanted to take labor out of competition. Such

4 Chamberlain, op. cit., p. 3.
an aim called for control of the job opportunities and the labor force over the competitive product market area. In the face of the national mass production industries which are an American characteristic, industry-wide bargaining was inevitable. The union could match the strength of management only on the industry-wide level.

For detailed discussion of the events in labor history prior to the 1930's many excellent labor histories are available.  

Labor, Bargaining, and the New Deal

Background

As regards industry-wide bargaining, the period beginning with the enactment of the Norris-LaGuardia Act in 1932 was the most important in the history of the labor movement. A short survey of the period immediately preceding the 1930's will serve to emphasize the importance of labor's New Deal.

Labor up to this time had advocated a traditional (from the Gompers's era beginning in the late 1890's) policy of independence. By means of coercive pressure on employers labor fought for union recognition and the right of


collective bargaining. The main goal of the labor movement being an increase in bargaining power, labor parochialism permitted no broad social and/or economic factors to temper its program.

During World War I, the National War Labor Board protected labor against employer discrimination, but refused to enforce the closed shop in industry. The federal protection policy lasted for the duration of the conflict and then gave way before anti-union employers.

During the 1920's labor lost ground in its organization drives. The following reasons may be noted for labor's lack of success in an era of increasing technological advance. The depression of 1920-21 wiped out almost half of labor's wartime gains. The technological innovations occurring during this period tended to minimize skills. The A.F. of L. was essentially a craft organization and was unable and unwilling to adapt its structure to include the masses of unskilled and semi-skilled workers employed by large industries. Industrial prosperity, high wages, and a farm depression increased the workers' real wages and their living standards were improving. The laborers had little incentive to join a union. As large mass production factories developed, a trend toward concentration of ownership as well as concentration of production was visible. Labor was not strong enough to

battle successfully with the powerful industrial trusts. Management embarked on an anti-union campaign consisting of the older militant techniques in addition to the newly discovered welfare relations. These swift and startling developments on the industrial front put labor on the defensive and reduced its organizing abilities. Between 1923 and 1934 in only two years did unions increase their membership, while in other years they suffered significant losses.

One of the effects of the depression of the 1930's was a lowering of the general standard of living as well as increasing unemployment. It has been estimated that unemployment in 1933 rose to sixteen million. Such extreme economic changes were bound to effect the attitudes of the workers, the intellectual climate in which unionism operated as well as the government policy toward trade unions, and to contribute to trade union expansion.

The wage earners, driven by a sense of desperation were more prone to assert a positive right to participate in the determination of the terms and conditions of employment through concerted action and collective bargaining by representatives of their own choosing. Public opinion became more favorable toward union activity. The average middle-class citizen looked with greater tolerance

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on the objectives of organized labor. He became less disposed to regard the appearance of "collective bargaining" and "job control" as "unwarranted and pernicious" intrusions into the economic system.

The federal government for the first time took a positive attitude toward organized labor. The characteristics of this attitude were evidenced in . . . enactments freeing organized labor from the ravages of the injunction, elucidating the wage earners' old right to organize and bargain collectively through representatives of their own choosing, rendering this right real and dynamic by prohibiting such practices and acts on the part of employers as had in the past often made it merely a nominal right, and providing for governmental assistance in the determination of units appropriate for collective bargaining and in the selection of bargaining representatives.

Characteristics of trade unionism of the 1930's

The following factors are noteworthy as being peculiar to trade unionism of the New Deal era. First, a rapid decline in company unions was evident after 1937; trade unions once again were able to establish collective bargaining. Secondly, the rising importance of industrial and semi-industrial unions was an outstanding characteristic of the period. Finally, collective bargaining was established to a wider degree than ever before. In the

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9 Millis and Montgomery, op. cit., p. 191.
1920's, collective bargaining was limited to a few industries, but by 1940 it had become established to some extent in almost every branch of industry. The expansion of collective bargaining to almost every segment of the industrial economy went hand-in-hand with the spread of unionism from urban centers into middle sized and small manufacturing communities, where, before the 1930's, it could not have developed. The tendency of collective agreements to cover a wider geographic area was also evident.

The labor movement of the 1930's bears little apparent relationship to the stagnant labor group of the preceding decade. In the 1930's tremendous increases in membership were brought about by the expansion of existing unions and the creation of new ones. An industrial union movement appeared among the mass production workers, tapping a source ignored in the 1920's. Not only were the industrial workers organized, but collective bargaining became the established method of union-management dealings.

Labor of the later decade was infused with a new militancy which enabled it to obtain the above mentioned advances. At the same time, labor organizations necessarily under the depressed economic conditions, looked to the state for more and more protection, in the form of legislation, and unions evidenced an increased interest in political action.
Factors basic to the federal labor program of the 1930's

Before any definite labor policy was formulated by the government, several basic factors regarding unionism had to be considered. The following factors were basic to the government program formulated in the 1930's:

1. Labor unions perform a needed function.
2. Restrictive labor practices are undesirable.
3. Collective bargaining should be between employers and workers in specific industries.
4. Labor conflicts should not be extended to injure innocent third parties.
5. Peaceful settlement of industrial disputes should be facilitated.

Legal setting for the New Deal program

The judicial decisions of any age are seen as reflections of the thinking of the significant group in a society. Prior to 1930, American society was characterized by its emphasis upon "rugged individualism." In this viewpoint trade unions were apparently considered as barriers to "individual freedom." The judicial formula curbing unionism, until 1932, also reflected the opposition of organized industry. The Norris-LaGuardia Act might be set as the dividing line separating this prior emphasis and a new emphasis on the protection of the right of the individual to express himself through organization in the form of trade unionism.

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This change of emphasis was a logical evolution of social thinking. For unions in the early 1800's were innovations and thus posed problems which were difficult to resolve with the existing legal equipment. Most of the judges of the time were acting in good faith and their reasoning, if outmoded, was in the social interest.

The confusion characteristic of labor legislation in America was evidence of society's adjustment to changing social and economic conditions. For prior to 1932 there occurred a tremendous expansion of the industrial society which required drastic changes in social attitudes. The spread of union activity was one evidence of this adjustment. Justice Holmes proved an able prophet when, in 1896, he wrote in a dissenting opinion:

.. . the organization of the world, now going on so fast, means an ever increasing might and scope of combination. It seems to me futile to set our faces against this tendency.11

Chamberlain concludes:

When social force on which all law is rested is in a state of change, it is not surprising if judicial opinion reflects personal conceptions of the requirements of the changing social order and if they should show in varying degrees a cautious reluctance to depart too swiftly from past principles when the consequences of departure remain uncertain.12


12 Chamberlain, op. cit., p. 297.
Federal labor legislation in the 1930's

To understand the development of labor legislation in the 1930's it is necessary to consider the Railway Labor Act of 1926.

**Railway Labor Act, 1926.** The Railway Labor Act is technically the first federal law protecting the right of labor to organize. But the extent of its coverage is narrowed to one industry.

The Act was the result of the poor labor-management conditions which prevailed in the railroad industry after World War I. Enforcement of the law was assured by the establishment of the National Mediation Board. The Board was staffed by three full time members. Management and the union were instructed to make every effort to bargain collectively. The union could negotiate through a representative of its own choosing. The original law prohibited the closed shop.

**Norris-LaGuardia Act, 1932.** The second federal law aimed at protecting trade unions, set-up restrictive qualifications under which the federal courts could issue injunctions, or virtually banned the use of an injunction against a union. It also declared the yellow-dog contract unenforceable in the federal courts. Thus for the first time, labor found itself on an equal footing with management in being able to apply coercive techniques to obtain its economic goals.

The Norris-LaGuardia Act represented the first
declaration by Congress of a particular policy with respect to collective bargaining in all cases coming within the jurisdiction of the federal courts. The workers were guaranteed the right to organize without management's interference. But while the principle of collective bargaining was recognized, the employers were under no obligation to negotiate with the workers.

National Industrial Recovery Act, 1933. When labor asked for a thirty-hour work week bill in the early 1930's as a "spread-the-work" measure, it was necessary for labor to ask the help of the government. The shorter work week bill was not forthcoming, but the government passed the N.I.R.A. which included some provisions for labor. 13

Section 7(a) which protected the workers' right to organize and bargain collectively through representatives of their own choosing, was the most significant part of the Act as far as labor was concerned.

Collective bargaining was recognized as a method of achieving industrial peace. And the obligation of the employer to bargain collectively was established mainly in the administrative decisions of the various labor boards, none of which were completely effective. Their ineffectiveness was a result of their limited power to enforce decisions and the subsequent disregard of same by both labor and management.

13 Black Thirty-hour-week Bill
The unions, therefore, were entitled to a free existence, but any advances were to be made on their own. Despite defects of the N.I.R.A., trade union membership in the A.F. of L. increased by 800,000 between June 1933 and June 1935. Signifying coming developments, this membership growth occurred only in firms which were already organized.

National Labor Relations Act (Wagner Act), 1935.

The Wagner Act, which has been called labor's basic charter, was passed by Congress in 1935 as a substitute for the N.I.R.A. which had been declared unconstitutional by the Supreme Court. The N.L.R.A. itself was not effective until its constitutionality was established by the same court in 1937.

Unionization and collective bargaining were promoted by the Act on the basis of attaining the two following objectives: 1) the strengthening of collective bargaining which would furnish uninterrupted operation of interstate commerce, and 2) the advancement of the nation's economic welfare as labor is able to secure a large share of the national income.

The Act included most of section 7(a) of the N.I.R.A., but also incorporated a number of unfair employer practices. Company-dominated unions became illegal and the existing

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organizations became nuclei for new unions.

The Wagner Act made no effort to disguise its pro-labor formula. For the first time in American labor history collective bargaining was enforced as a matter of public policy.

Caught in the labyrinth of modern industrialism and dwarfed by the size of the corporate enterprise, he [the worker] can attain freedom and dignity only by cooperation with others of his group.\(^{16}\)

This view of the increasing importance of group action had been slowly evolving since Justice Holmes' dissent in \textit{Vegelahan v. Guntner}.\(^{16}\)

The impact of the Act on trade union membership was tremendous; the Machinists grew from 70,000 in 1933 to 210,000 in 1937; the Electrical Workers from 85,500 in 1933 to 171,000 in 1937; and the Hotel and Restaurant Employees jumped from 25,000 to 107,000 members.\(^{17}\)

From this point on, the trade unions would fight, not for acceptance of trade unionism and collective bargaining, but for the extension of the scope and geographic coverage of the bargain.

The \textit{National Labor Relations Board} was established to administer the N.L.R.A. The Board was given adequate authority to enforce its decisions, which authority made


\(^{17}\) Randle, \textit{op. cit.}, p. 35.
the Board more effective than its predecessors under the N.I.R.A.

In determining the bargaining unit, the Board has frequently found for the industry-wide or multi-employer unit. Because of political repercussions, though, the N.L.R.B. has established rigid specifications to be fulfilled before the larger unit is allowed. In the Alpena Garment Company case the Board's policy regarding industry-wide or multi-employer units reads:

The integrated nature of the business of the Company, the similarity of the work at the various plants, the dependence of all plants upon the main plant, and the centralization of the management of the plants convince us the employer-unit basis upon which the plants have been organized will best effectuate collective bargaining between the company and its employees.\(^{18}\)

The N.L.R.B. is discussed more fully under the section of the Taft-Hartley Act.

The Formation of the C.I.O.

What happened to the union movement, to the whole economy in fact, as a result of the rapid about face which occurred in government labor policy? The split in the labor movement will be more sensible if viewed in the light of the new role of unionism and collective bargaining resulting from the drastic legislative changes.

Before 1932 the union was ignored by the government and the public and both ignored and fought by

\(^{18}\) Alpena Garment Co., 13 NLRB 724
management. Collective bargaining existed at the consent of the employer, and the union was an independent, isolated organization. After 1932, management had to recognize the union and bargain collectively with it. Far from being the forgotten group, the labor movement was strongly protected by government legislation.

As an organization the A.F. of L. was not prepared for such a drastic revolution and it increasingly proved itself unable to adjust to the novel developments. For the A.F. of L. was primarily composed of craft groups each of which jealously guarded its own autonomy. The craft workers, too, were engaged in a "last ditch" attempt to preserve their skills in the face of increasing mechanization of industry. Literally thousands of workers in the important mass production industries were unorganized. And while the Federation authorized charters in a number of these industries the following statement made at the A.F. of L. convention in 1934 was indicative of the spirit of the organization. The Federation has a "duty to formulate policies which will fully protect the jurisdictional rights of all trade unions organized on craft lines."19

Because of a failure to organize along industrial lines, the summer of 1935 saw trade union gains of 1933 and 1934 rapidly disappearing. A Committee for Industrial Organization was established in the A.F. of L. in 1935.
but the faction became too strong and was expelled in 1937. In 1938, Committee for Industrial Organization became the Congress of Industrial Organizations.

The CIO unions were of the industrial type. The mere fact that a person was employed in a certain industry made him eligible for membership. No particular skill was necessary. This provision is of especial significance because it served as a vehicle by means of which the great mass of workers could carry their collective bargaining ambitions to fruition. It also complicated bargaining, for a heterogeneous range of skills was present with varying wage rates and varying working conditions. In contrast with the craft union, the bargaining difficulties in the industrial union arose from diversity of skills rather than from diversity of industries. In one sense, however, industrial unionism simplified bargaining for the employer. If he had a plant with a number of AFL craft unions, he might have several different contracts, terminating at several different times, and the workers might be represented through as many as ten or fifteen different unions. But if the CIO had organized the plant, one union and one contract would suffice. Under the CIO, all workers could be organized. The birth of the CIO thus changed the complexion of collective bargaining both in terms of philosophy of unionism and in terms of the actual mechanics of bargaining.20

World War II

As in the first World War, though on a much larger scale, the World War II period witnessed a drastic increase in economic activity. Cost-plus contracts enabled labor to secure its demands with comparative ease. Between 1942 and 1945, union membership grew at the rate of

almost one million a year.\textsuperscript{21}

The participation of labor on many of the war emergency boards with delegates from the business and public fronts gave evidence of the increasing stature of the labor movement.

The National War Labor Board

The N.W.L.B. was created by the President in January 1914. It was a substitute for the National Defense Mediation Board which was unable to cope with the increased number of strikes. The N.W.L.B. had authority to settle industrial disputes and administer the Wage Stabilization Program.

A set of "pattern" decisions for given situations was soon developed by the Board. These patterns became recognized by the unions. If a union was receiving less than the pattern allowed, it created a labor dispute, the issue was referred to the Board, and the union's standards were increased to "normal."

To facilitate the handling of its work, increase production efficiency, and achieve the ideal in material and labor allocation, the Board tended toward an industry-wide policy and favored industry-wide bargaining units.

This tendency carried over into the post-war scene; but it was not a new method of industrial relations, rather

\textsuperscript{21} Ibid., p. 41.
the "... adoption of the observed historical trend towards industry-wide and area-wide collective bargaining."22

The Taft-Hartley Act and Industry-Wide Bargaining

Background

In the various legislative proposals during the ten year interim, the dissatisfaction with the Wagner Act was evident. Millis and Brown establish three crucial periods in the legislative development of the Taft-Hartley Act.23

1) The 76th Congress, (1939-1940). In the period directly following the Supreme Court's declaration of the constitutionality of the Wagner Act numerous policies were formulated by management political action groups. This was a period of adjustment and groping.

2) The Smith-Connelly Act (passed during the 1943 session of the 78th Congress). This Act established a thirty day notice period before a union could call a strike. At the end of the thirty day period the N.L.R.B. would hold a plant election to determine whether or not the employees wanted to strike. The Bill further established the statutory authority of the War Labor Board. Strikes


in government held plants and mines were prohibited. Unions were to make no political contributions in federal elections. Most of these proposals are recognizable by virtue of their inclusion in the Taft-Hartley Act.

3) The 79th Congress, (1945-1946). Many minor bills were introduced in this session of Congress which exercised a direct effect on the provisions of the Taft-Hartley Act. The first of these, the McMahon Bill, called for the establishment of a conciliation and arbitration service on the national level by the federal government. The Ellender Bill was introduced at the recommendation of President Truman following the Labor-Management Conference, similar to President Wilson's 1919 Labor-Management Conference. The Bill provided for the establishment of fact finding boards. Provision for a Federal Industrial Relations Board was contained in the Ball-Hatch Bill, a diluted version of the Ball-Burton-Hatch Bill. The Board was to be concerned only with mediation and voluntary arbitration, and fact finding. It was able to petition for injunctions within the scope of the Norris-LaGuardia Act. The Smith Bill included the provisions of the Ball-Hatch Bill, but went several steps further. It was concerned with union organization, the internal operations of the union, and also with the prohibition and/or restriction of specific types of strikes, boycotts, and other union means of economic coercion.

The Case Proposals are best summarized as follows:
1) established a Federal Mediation Board; 2) called for a 60-day "cooling-off" period before a strike; 3) set up enforcement provisions for the "cooling-off" period; 4) established a fact finding commission; 5) designated heavy penalties for those interfering with interstate commerce; 6) regulated union and company welfare funds; 7) excluded "supervisors" from the definition of "employee" used in the Wagner Act; 8) allowed damage suits to be filed against unions for contract violations; 9) deprived the union of benefits allowed under the Wagner Act if it violated the provisions of the collective bargaining agreement; and 10) outlawed secondary boycotts by re-employing the anti-trust laws against the union.

Few major proposals of the Taft-Hartley Act are not found in the legislative proposals of this period. A militant minority of senators and representatives constantly proposed amendments to change the Wagner Act during the period 1937-1947. The views of the minority finally became the accepted outlook of Congress. Yet in spite of the lengthy hearings, Congress never undertook or authorized a systematic, non-political study of the labor-management scene before enacting a law governing operations in this field.

The Taft-Hartley Act and direct Congressional influence

\[^{24}\text{Ibid.}, \text{p. 362.}\]
The Senate Committee on Labor and Public Welfare recommended the following provisions be included in any labor legislation passed during the sessions of the 80th Congress:

1. Making union interference with or coercion of employees in the exercise of their rights to join or not to join a union an unfair labor practice

2. Important restrictions on industry-wide bargaining

3. Heavy restrictions on welfare funds

4. Allowing direct action against jurisdictional strikes and secondary boycotts through the use of injunctions

These provisions were incorporated in the Taft Bill.

During the floor debates on the Taft Bill the amendment restricting industry-wide bargaining was rejected. While the debates in the Senate were far from adequate, they were on a much higher plane than those in the House. Some attempt was made in the Senate to get to the basic issues involved and fit the law to these issues.

The major difference between the House and Senate bills as they were passed rested on the fact that the former put heavy restrictions on industry-wide bargaining. This provision was later rejected by the conference committee.

Just what basic concessions did the House conferes make? We conceded on the ban of our bill on industry-wide bargaining . . . We conceded on the question of injunctions to be ordained by

\[26\] Willis and Brown, op. cit., p. 660.
private employers and on the provisions making labor organizations subject to the anti-trust laws.25

The Taft-Hartley Act as a whole

The Taft-Hartley Act presents, to some extent, interference with collective bargaining. The "permanence and stability in collective bargaining suffered"26 as a result of the important role given to dissenting groups and minorities. Craft and pseudo-craft units were encouraged to the detriment of industry-wide bargaining units. Many of the provisions of the Act reflected a new emphasis on individual bargaining and an apparent distrust of collective bargaining, especially industry-wide.

The reemphasis on individual bargaining is evidenced in the free speech clause of the Act. Also it is evident in the newly articulated unfair labor practices.

Some critics of the Act advance the theory that the latter section gives the government too much control over industrial relations, control better left to the union and management to work out among themselves. Still these critics are those advocating industry-wide bargaining and under such circumstances, in the light of past experience, controls of this nature cannot be left entirely to the


26 Millis and Brown, op. cit., p. 660.
discretion of labor and management. The government, it should be remembered, represents the people.

The increased role of the government in industrial relations which the Act established, extended the "shadow" of the government over the bargaining table and impeded the free action of collective bargaining. Those continuing collective bargaining relationships took on a "bootleg" attitude toward bargaining arrangements, trying to continue an old, satisfactory agreement in the light of new rules. The closed shop issue, particularly in the building trades, was a typical case. By advocating craft units, the Taft-Hartley Act encouraged rival unionism and brought a feeling of instability to existing collective bargaining agreements where a craft unit was a possibility.

The Act placed a temporary halt on attempts to extend union organization to unorganized areas. The industry-wide organization was weakened at the expense of protecting individual rights. In some instances the Act had an adverse effect on the increase of individual rights. Because of the uncertainties connected with collective activity under the new law, many national unions tightened control over the locals. Centralization of strikes, boycotts, and the like were surprising and unexpected results.

27 Millis and Brown, op. cit., p. 639.
Effects of particular provisions of the Taft-Hartley Act on I-WB

Authority to determine the bargaining unit. Both the Wagner Act and the Taft-Hartley Act left the determination of the industry-wide bargaining unit to the authority of the N.L.R.B., subject to review by the courts.

Yet under Taft-Hartley preference no longer resided in the larger unit. If a craft or other homogeneous group of employees within the larger unit desired a different union, the Board moved to set up such a union. Section 9(b) of the Taft-Hartley Act on multi-employer units reads "to assure to employees fullest freedom in exercising their rights guaranteed by the Act," while the Wagner Act wants to "insure to employees the full benefit of their right to self-organization and to collective bargaining and otherwise to effectuate the purposes of this Act."^28

The revised section 9(b) was aimed in part to break-up union job control and reduce possibilities of labor monopoly.

New status given craft and professional units.

This provision indicated the determination of Congress that the freedom of the smaller groups of workers to select their own bargaining representative was to be insured even though past industry experience had been to the contrary and at the expense of industry-wide

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28 Labor Management Relations Act, section 9(b).
   National Labor Relations Act, section 9(b).
Section 9(b) was designed to balance the status of the individual worker and small group of workers against the large national union.

In the case of the Link Belt Company v. International Moulders and Foundry Workers the protection was evident. The pattern workers had worked closely with the other employees and had been included in the large bargaining unit. A Board decision made the pattern workers an independent bargaining group. The practice of carving craft units out of established industry-wide units was opposed by management as well as the union.

Provision for action in a national emergency. This section gave additional evidence of Congress' determination to secure individual bargaining rights. The provisions for a vote of the employees of "each employer" on whether they would accept the final offer made, could be used to break-down industry-wide bargaining. This part of the section is no longer of great importance since it was found that employees were generally loyal to the union in the last analysis.

Unfair labor practices. Millis and Brown adequately sum up the effect of this section of the Act on industry-wide bargaining as follows:

... extensive restrictions and limitations meant an interference with the freedom of the
collective bargaining process at many points, adding uncertainty, confusion and instability, contrary to the spirit of a free collective bargain which we believe to be the better road for the solution of industrial relations problems.\(^{30}\)

Effect on industry-wide bargaining and market restraints. The sections dealing with market restraints \(8(b)(4)\) and \(303(a)\) were direct results of the Allen Bradley case.\(^{31}\) Prior to the Taft-Hartley Act, the courts held that the union's action did not have any bearing on the union's conduct except in the particular case where it joined in a conspiracy with a group of employers or a single employer. In U.S. v. International Hod Carriers\(^{32}\) the court permitted the union to stop technological advances. While in the U.S. v. Building and Construction Trades Council case\(^{33}\) the union was able to prevent the use of cheaper building materials.

Section \(8(b)(4)\) classified any secondary boycott as an unfair labor practice, while section \(303(a)\) held that an individual injured by a secondary boycott could sue for damages. To some extent this section revised the old Bedford Cut Stone and Duplex doctrines.

\(^{30}\) Millis and Brown, *op. cit.*, p. 481.

\(^{31}\) Allen Bradley Co. v. Local Union No. 3, IBEW, 325 U.S. 797 (1945).

\(^{32}\) 313 U.S. 539 (1941)

\(^{33}\) 313 U.S. 539 (1941)
Actually labor union activities under the old doctrines were free from challenge only insofar as they were concerned with the workers' immediate employer.

Jesse Freidin draws the following conclusions concerning the effects of the Taft-Hartley Act on industry-wide bargaining.¹⁴

1. If the new definition of "employer" forces the abandonment of the Rayonier Doctrine, the Board can no longer use history to designate the industry-wide unit.

2. The Board's first duty now is to provide units which will guarantee individual rights.

3. The right of self-determination of craft and professional units insured by the Act tends to cause the Board to bypass the history of the bargaining unit in establishing separate units.

4. The union shop section has little effect on industry-wide bargaining.

5. The emergency section is a barometer of Congress' intent to increase the decision making power of local unions at the expense of the national group.

The preoccupation of Congress with the protection and advancement of the rights of small groups and individuals seemed to indicate a general feeling that the centralized union had advanced its position at the expense of those relatively weak relations. The question then arose, had not these advances been made to further the rights of the small group and the individual? For

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in dealings with concentrated business establishments the
national union or similar organization, became the only
truly effective labor spokesman. Again, it was asked
whether some subordination of individual rights was not
a small cost when compared to the benefits derived from
collective action. Millis and Brown advance two factors
deserving consideration when defining the area, whether
local or national, of collective bargaining.\(^{35}\)

1. A responsible union which must have sufficient
power in leadership and membership to maintain
and strengthen its organization in such a de-
gree as to render it efficient in securing
employees' needs and appropriate aspirations.

2. Management must have sufficient leeway to main-
tain shop discipline and to secure efficiency
and quality while maintaining tolerable costs
of production.

The Taft-Hartley Act has had no revolutionary ef-
effect on industry-wide bargaining to date. After the law
was first enacted in 1947, the usual trial and error and
general hysteria period followed. When the preliminary
dust had settled some outlawed practices, such as the
closed shop, continued, surreptitiously it is granted;
while other procedures were found to be useless and ine-
effective. The union shop election clause was an example
of the latter. The law has what might be termed a
"nagging" effect on collective bargaining negotiations.
The union as well as management must always be aware of
the government in carrying out their negotiations. The

\(^{35}\) Millis and Brown, op. cit., p. 673.
government is definitely a partner, albeit a silent one at times, in labor-management negotiations.

Actual practice has shown that the effectiveness of Taft-Hartley depends upon the political party in power and on prevailing public opinion. But the most important effect of Taft-Hartley on industry-wide bargaining can come through the N.L.R.B., for it is the duty of this Board to designate the appropriate bargaining unit.

**N.L.R.B. decisions under the Taft-Hartley Act**

While the Wagner Act did not specifically endorse industry-wide bargaining, the decisions of the N.L.R.B. clearly indicated that it gave approval to such units. Section 9(a) of the N.L.R.A. gave the Board the power to determine the appropriate bargaining unit.

Before setting up any multi-employer unit, the Board required that

1. a history of group bargaining must be present, and
2. the employees must want such a unit.

The Shipowners' Association of the Pacific Coast case\(^{36}\) is the precedent case in the multi-employer unit policy. Heavy weight was placed on the past history of group bargaining by the Board in determining the multi-employer unit. In the Mobile Steamship Association case\(^{37}\)

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36 7 NLRB 1002 (1938)
37 8 NLRB 1297 (1939)
it declared that the industry-wide

. . . unit will insure to employees the full benefit of their rights to self-organization and to collective bargaining and will otherwise effectuate the policies of this Act.

While in the Admar Rubber Co. case the Board refused to destroy an industry-wide unit because of its effectiveness in stabilizing conditions of work and other industrial relations standards.

The N.L.R.B., under the Wagner Act, insisted that the employer association be representative of the members, but it also preserved the individual member's right of self-determination. Any member rejecting a contract agreed upon by the association sacrificed his membership in the group and the privileges this membership entailed.

In 1947, following two years of post-war labor strife, the "evils" of industry-wide bargaining were paraded before the public. Alarmed by the Board's promotion of industry-wide bargaining, Congress immediately gave more serious attention to the numerous bills introduced in both houses to amend the Wagner Act. The Taft-Hartley Act, passed in 1947, brought little actual change to the Board's policies.

The Board has not greatly altered its concept of an "employer" under the Taft-Hartley Act. But it is careful not to include employees in an industry-wide unit

38 9 NLRB 407
over their protests. The employer inclusion in an industry-wide unit is still based upon intent; intent evidenced through participation in negotiations rather than by simple acceptance of the contract.

The Board presents the following criteria as significant in the determination of the bargaining unit.

In resolving unit issues, the Board's primary concern is to group together employees who have substantial mutual interests in wages, hours, and other conditions of employment. In determining whether such conditions exist in groups the Board looks to: 1) extent and type of union organization and of employees involved; 2) pertinent bargaining history; 3) similarity of duties, skills, interests, and working conditions of employees; and 4) desires of employees.

The Board continues with regard to multi-employer units:

Multi-employer units will be set up under the following conditions:

1. if a formal or informal employer association with the authority to bargain exists
2. if the employer is a member of the association
3. if all members of the association include all their employees under the agreement
4. while taking history into account, the Board is primarily concerned with and

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39 International Paper Co., 88 NLRB 71 (1950)
40 Associated Shoe Industry, 81 NLRB 224 (1949)
guided by the decision of the parties in determining the unit.

From the above statement it seems that the Taft-Hartley Act has not had too drastic an interference with industry-wide bargaining through regulation of the N.L.R.B. But industry-wide bargaining is actually in jeopardy from the Taft-Hartley Act. For the Act presents potential power to greatly interfere with industry-wide bargaining. While to date the provisions have been loosely interpreted, Taft-Hartley remains as law. To forestall the possible unsettling effects of this flexible law several new labor codes have been proposed, such as the following one suggested by D. L. Jones.\(^4\)

1. A revision of the criteria for inclusion and withdrawal from a unit both for employers and employees.

2. The industry-wide unit should be on a voluntary basis. The intent of the parties should be measured by declaration and action plus historical background plus representative elections for employers as well as employees. This would give the employer association more strength and increase the Board's power. Contract acceptance should be the criterion for employer consent and withdrawal from the employer association. Withdrawal should be followed by a definite course of individual action.

3. Some limits to freedom, both of management and labor, are necessary. The employer should be allowed to withdraw from the association only at specified times. The negotiated agreement should be ratified by a consent election of both employers and employees.

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with a refusal to accept the majority vote designated an unfair labor practice.

4. If a break-down in bargaining negotiations leads to coercive action, employers as well as employees should be allowed to use collective economic coercive measures.

5. Any attempt at "cooperative" monopoly by management and the union as a result of industry-wide bargaining should be curbed through legislative safeguards rather than by legal bans on that type of bargaining.

Other legal restraints on industry-wide bargaining

Since the Taft-Hartley Act has proved ineffective in stringently curbing unions, pressure has been and is being applied in Congress for additional legislation. The Lucas Bill is a typical example. The Lucas Bill (H.R. 2545), containing much the same provisions as the Hartley Bill, is designed to eliminate industry-wide bargaining. This is to be accomplished by restricting the bargaining agent to one employer. The local union would be allowed to affiliate with a national organization, but the national could exercise no control over the local. In addition, the Bill makes any attempt to engage in industry-wide bargaining illegal. This ban is to be made effective by placing unions under the jurisdiction of the anti-trust laws and implicitly defining a labor union as a monopoly.

The objectives voiced by Congressman Lucas and others are objections to industry-wide uniformity in wages and other labor standards.

Suppose the Lucas Bill or a similar measure becomes
the law of industrial relations. What would be the result of a prohibition of industry-wide bargaining in an industry such as railroads?

... each railroad company would have to conduct separate collective bargaining negotiations on scales of pay, hours of work, and other conditions of employment. It would require in matters of collective bargaining that the locals of a national railroad union be cut off completely from the national organization—the trainmen of the Pennsylvania, for example, would have to match their company-wide union against the resources of the Pennsylvania Railroad. 

Different standards for wage payments could exist for the same occupation on the scores of carriers throughout the country. 

Strikes would be common and the Lucas Bill or any other bill would have a difficult time preventing the locals from adopting the same agreement. Industry-wide bargaining would be forced "underground."


CHAPTER III

AN EVALUATION OF INDUSTRY-WIDE BARGAINING

The Extent of Industry-Wide Bargaining

Industry-wide bargaining is not a new phenomenon. It has existed in the Pressed and Blown Glassware Industry since 1893 where it exercises a stabilizing influence on the industry which is 70 to 80 percent organized.\(^2\) Bargaining between the United States Potters' Association and the National Brotherhood of Operative Potters has been on an industry-wide basis since 1900.\(^3\) Industry-wide bargaining was the method of negotiation in the steel industry from the Civil War through the early part of the twentieth century.\(^4\)

But it is only in recent years that industry-wide bargaining has become a matter of importance on the industrial relations scene. For only in comparatively recent years have unions gained enough economic strength to fight

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\(^3\) Ibid., p. 21.

for bargaining on an industry-wide basis. Of course, the goal of most unions has always been industrial standardization of wages and other conditions of work for their members. And such an aim implies, under modern structures of industry, industry-wide bargaining or some other form of negotiation which yields similar results.

As trade unionism has become an established American institution and spread throughout the industrial world, so also has the use of industry-wide bargaining been extended.

Although the Bureau of Labor Statistics lists only seven industries which regularly engage in industry-wide bargaining, there are other industries, such as the railroads, which practice industry-wide bargaining occasionally, but not consistently. In other industries negotiations are not conducted on an industry-wide basis, but the effects are similar to those achieved through industry-wide bargaining. Agreements between the United Packinghouse Workers of America (CIO) and the Amalgamated Meat Cutters and Butcher Workers of North America (AFL) and the four largest firms in the meat packing industry expire on the same day.5

The following tables show the extent of industry-wide bargaining as compared to local or regional bargaining carried on with employer associations.

5 Bargaining with Associations and Groups of Employers, op. cit., p. 9.
### TABLE I

**AREAS OF INDUSTRY-WIDE BARGAINING**

<table>
<thead>
<tr>
<th>Industry</th>
<th>% of workers under union agreements, 1946</th>
<th>% of column (2) covered by multi-employer agreements, 1947</th>
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<td>80-100</td>
</tr>
<tr>
<td>Anthracite coal mining</td>
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<td>Elevator installation and repair</td>
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<td>Glass and glassware</td>
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<td>Installation of automatic sprinklers</td>
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<td>Pottery</td>
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**Sources:**


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### TABLE II

**NUMBER OF EMPLOYEES COVERED BY MULTI-EMPLOYER BARGAINING**

<table>
<thead>
<tr>
<th>Type of Agreement</th>
<th>Number of workers (range)</th>
<th>Number of column (2) covered by multi-employer agreements, 1947, (range)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry-wide bargaining</td>
<td>1,593,900 to 2,011,100</td>
<td>1,240,500 to 1,956,800</td>
</tr>
<tr>
<td>Regional bargaining</td>
<td>2,256,000 to 2,937,500</td>
<td>1,084,000 to 1,955,300</td>
</tr>
<tr>
<td>Local area or city bargaining</td>
<td>5,359,200 to 7,816,800</td>
<td>2,375,500 to 4,677,800</td>
</tr>
</tbody>
</table>

Sources:
2. Ibid., p. 399.
3. Ibid., p. 399.
Why Industry-Wide Bargaining?

The government and industry-wide bargaining

The government policy of fostering industry-wide bargaining began with the N.R.A. codes in 1933. The N.I.R.A. established industry-wide codes governing labor-management relations. It is a short step from industry-wide labor relations to industry-wide collective bargaining. The N.L.R.B., created originally to administer the Wagner Act, continued the policy through its practice of establishing industry-wide or multi-employer bargaining units wherever possible. The N.W.L.B., a war time emergency board, though formally adhering to a "local labor market" theory, nevertheless in effect favored industry-wide wage stabilization and uniformity.

The Board was established to settle disputes not agreed upon in collective bargaining negotiations. Because of the war time emphasis on continuous production, fairly rigid standards were established to govern labor-management relations.

Labor economists and industry-wide bargaining

Industry-wide bargaining is advocated by a number of prominent labor economists. Fisher reaches the following conclusions specifically in regard to the bituminous coal industry, but generally to be applied to all industries having similar characteristics.

The history of labor relations in bituminous coal shows the utter helplessness of the individual employee and employer in the face of
economic forces and conditions that prevail in an overdeveloped industry. In any highly competitive industry in which the establishments are many and widely decentralized, and supply common markets, collective bargaining under capable leadership is necessary not only to protect workers and maintain decent standards of living, but also to safeguard employers' investments.

Experience with labor relations in this industry also verifies the contention of economists that successful collective bargaining must embrace substantially all producing fields serving common markets. The failure of the Central Competitive Field Compact must be laid largely to union inability to organize the southern fields. No system of collective bargaining can long work if one group of employers must pay rigid wage scales and meet other union standards of employment, while another group conducts its business under flexible wage scales and working conditions arrived at through individual bargaining. 8

McCabe advocates industry-wide bargaining

... where competition is brisk and labor costs a comparatively large part of the cost of the product... the ideal is bilateral industry-wide bargaining not unilateral national collective action on the union side opposed to local collective action, if not individual employer action, on the other. 9

The advantages of collective bargaining as listed by Professor McCabe are: 1) simultaneous timing of wage increases and decreases; 2) less flexibility of wage changes during ups and downs of the business cycle; 3) geographic uniformity of wage rates and labor costs; and 4) elimination of


differentials based on costs of living.  

Richard Lester claims favorable results from industry-wide bargaining on the grounds that:

By making wage scales more uniform geographically, it helps to reduce employee dissatisfaction and labor turn-over within the industry. Labor unrest is ... reduced under industry-wide bargaining. ... industry-wide bargaining, by providing union security and encouraging factual, reasoned negotiations, was more likely to result in wage decisions that take into consideration the economic needs and interests of the whole industry.

The Labor Committee of the Twentieth Century Fund recommends

... that managements and unions together explore the advantages arising from a wider application of market-wide collective bargaining. To be sure this technique is not without injurious potentialities.

Yet already this regional and industry-wide approach, whether in peace or war, has accomplished a great deal to bring stability to coal mining, the needle trades, to shipbuilding and other industries. It provides management with predictables in labor costs. It protects the worker against the capricious wage slash and enterprise in general against the unsettling effect of bidding up wages that accompanies a period of labor shortage with its scamping and pirating. It has often promoted the introduction of labor saving devices in a sane, "staggered" manner to cushion, or entirely offset, injurious social consequences of mass layoffs, and discharges. Furthermore, since the art of business is being daily transmuted into the science of management, the components of an industry should be enabled to proceed

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10 Ibid., p. 173.

Employers and industry-wide bargaining

When employers have accepted industry-wide bargaining, they have done so mainly because of the stabilizing effect it has on labor costs for the entire industry. Each firm knows where it stands in relation to its fellows on labor costs. Industry-wide bargaining through employer associations enables the firms to bargain on more equal terms with the national union; it prevents the use of "whipsawing" tactics by the union, and equalizes, in many instances, the bargaining positions of the "big" and "little" employers. Industry-wide bargaining, though, is not favored by the majority of employers. They prefer single firm bargaining because this form of negotiation gives greater freedom of action and allows management more flexibility under the agreement. A large number of employers consider the latter factor essential for the efficient operation of their firms.

Unions and industry-wide bargaining

The greatest impetus to industry-wide bargaining has come from the unions. They contend that industry-wide bargaining reduces competitive pressures on wages and strengthens their own bargaining position. For the

unions, industry-wide bargaining has the advantage of simplicity, and also presents a method of forcing unfriendly firms into line without having to penalize friendly employers. ¹³

The union trend has been, first, to organize an employer on a local level. If the firm is a member of a national industry the union pushes for regional and finally industry-wide organization and collective bargaining. Such a policy is inevitable in view of the general union desire to stabilize wages and working conditions. The following statement by Philip Murray may be considered as representing the CIO's attitude toward industry-wide bargaining.

Modern labor relations are an integral part of industrial planning. Such relations encompassed in collective bargaining are inevitably directed toward industry-wide agreements. ¹⁴

**Advantages of industry-wide bargaining**

From the view of labor, industry-wide bargaining is advantageous because it 1) stabilizes the industry, 2) promotes industrial peace, and 3) has a beneficial effect on the economy.

Industry-wide bargaining stabilizes an industry by achieving standard labor conditions and by enabling both

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¹⁴ Philip Murray, *Steel Labor*, April 18, 1941, p. 11.
management and labor to have a wider view of industrial problems. An industry-wide view is one which will give greater meaning and aim to industrial planning. The relationship has been aptly expressed as follows:

To put a stop to the competition among workers for jobs . . . the union is forced to strive for a kind of "monopoly" since only by controlling all the jobs in an industry and imposing uniform wage rates and hours and working conditions can it remove labor from competition.15

Industrial peace is promoted by industry-wide bargaining through an increase in union security and the formulation of policies of interest to the workers. Once a union has achieved a measure of security within an industry; once it is protected against such practices as non-union competition and competitive wage cutting among employers, it (the union) modifies its militant attitude to become an organization which, in cooperation with management, may achieve greater industrial efficiency and so reap greater benefits for its membership. The workers, too, once their major demands are met, develop a spirit of cooperation and help increase production efficiency. The prevention of work stoppages is an additional reason advanced in favor of industry-wide promotion of industrial peace.

This statement must be qualified in some respects. For example, it is true that the strength of centralized

unions can more effectively, in some instances, prevent wildcat strikes and the strength of employer associations may be used to keep recalcitrant firms in line. But statistics to some extent belie the former contention.

In many instances when the local organization feels that the national is becoming too far removed from the trade union scene or that the national union is overlooking some particular local grievance or problem, the local union will engage in strike action in self-defense. The local union is the more important group of the two. The national has no existence without the local; the local union is the primary socio-democratic institution.

Then again, the greater equalization of economic strength, some students of the labor movement hold, makes strikes too costly as far as both sides are concerned. Yet, others point out that while the strikes are fewer in number they are of greater intensity. On the basis of this increased intensity of industry-wide strikes, Professor Slichter has withheld full approval of market-wide bargaining in the recommendations made by the Labor Committee of the Twentieth Century Fund. He has taken the position:

... that the problems of industry-wide bargains need much further analysis before industry-wide bargaining is recommended for large industries such as automobile, coal, or railroads. ... On a number of occasions in recent years the nation has been confronted with either the possibility or the reality of a complete shutdown of the coal industry or railroad transportation. The consequences of such a tie-up to the economic life of
The country are obviously far reaching and might be disastrous. I am not convinced that the community has learned enough about preventing strikes or that it is safe to give several hundreds of thousands of men power to interrupt production in all branches of industry by shutting down all plants in a key industry such as coal, railroads, or automobiles.\(^\text{16}\)

By contrast, it can be argued that industry-wide bargaining promotes industrial peace through reduction of the number of work stoppages only in so far as it produces far-sighted labor leaders and responsible unions and in so far as it places a premium on statesmanlike rather than militant labor organization.

One argument to that effect is that industry-wide bargaining sets up an environment for the development of a beneficial wage-cost-price basis throughout an industry. It has been noted that

\(\ldots\) its [industry-wide bargaining's] chief contribution is that it does not leave the wage-price-profit ratio, which is so important in the control of cycles, to impersonal forces of the market place, but subordinates it to the common good.\(^\text{17}\)

Industry-wide bargaining influences commodity prices through the medium of the wages set in bargaining negotiations. The area over which wages and prices are set is extended by this type of bargain. And while the power of the organized employers to resist wage demands

\(\text{16}\) Williamson and Harris, op. cit., pp. 232-233.

\(\text{17}\) Benjamin L. Masse, S.J., "Industry-Wide Collective Bargaining II, America, LXXVII, April 12, 1947, p. 38."
increases, their potential resistance is lessened because all employers in the industry will be affected in the same way by the wage changes. In the silk and rayon dyeing and finishing industry, which is covered by an industry-wide agreement, the employers feel that "it makes little difference how high the level of wage ratio is so long as they are uniform for all producers."\(^{18}\)

It should be noted, in discussing the impact of collective bargaining on the economy, that too much trust is placed in collective bargaining as a policy setting institution, a work for which it is not suited. The bargainers cannot assume responsibility for the effects, especially the employment effect, of their decisions because the wage bargain covers only a small part of the whole economy. Further, unions are not in a position to calculate the effects because other and more powerful conditions operate which are unstable and beyond their control; "... production coefficients, substitution functions, and aggregate demand do not remain constant."\(^{19}\)

The only way in which the union or management or any other participant in the wage bargain can be expected to carry responsibility for the effects of its decisions occurs when it takes part in the formulation of a national

\(^{18}\) Lester and Robie, op. cit., p. 67.

\(^{19}\) Arthur M. Ross, Trade Union Wage Policy, Berkeley, University of California Press, 1948, p. 79.
wage policy. Slichter writes:

If the trade union movement were to be successful in developing an organization for representing the interests of labor as a whole, the problem of national wage policy would be largely solved, because organized employees will soon be such a large part of the community that their interests as a group will coincide fairly closely with the interests of the entire community.20

Only through a tripartite group to set up criteria by which wage rates may be determined by the bargaining negotiation can the effects of industry-wide bargaining on employment be calculated. In the meanwhile, some yardstick may be developed along the lines suggested by Masse.

Characteristics of Industry-Wide Bargaining

Characteristics of the industry-wide agreement

As the contract covers more and more firms in an industry and as the bargaining relationship tends to become industry-wide, the agreement takes on legal, formal, and impersonal characteristics. For the agreement must cover firms having different degrees of efficiency, output, production techniques, labor relations policies, and so on, as well as firms differing in size and financial position. The various firms in an industry must be fit into a common and uniform pattern. As a result the final industry-wide agreement frequently fails to measure up to the expectations of both the local union and local

management groups. An industry-wide agreement negotiated in the hosiery industry is evaluated as follows:

The executive board of the Hosiery Workers (CIO) was subjected to considerable internal criticism during the 1945 negotiations. Of the thirty-one demands which different groups within the union had caused the board to make on management in the industry, only nine were incorporated in the final agreement.21

It is necessary in industry-wide bargaining to "achieve a substantial unanimity behind the final agreement. A bare majority is not sufficient."22 This is a difficult achievement even on the local level. The remoteness of the negotiating group from the local level is a real hazard in industry-wide bargaining. For the group tends to lose sight of true union aims. In some cases the local becomes disgusted with the national bargaining policy or with the national's disregard of its legitimate grievances and engages in wildcat strikes.

Because of the legal and formal procedures of industry-wide bargaining and the rigid nature of this type of bargain, as well as the undue emphasis it places on uniform patterns in dealing with diverse employer-employee conditions, it diminishes, to a certain degree, the possibilities of dealing with significant problems on their


own merits.

The flexibility and discriminations that promote adaptation to specific situations and concrete problems [tend to be replaced by] a hard and fast formula applicable to all bargaining situations. 23

And despite the prevalence of industry-wide bargaining in an industry, the various employers still tend to think in terms of the plant while the national union thinks in terms of the industry. For the problems still exist on the local level even though the organization may be effected on an industry basis. Day to day dealings are not with "the rank and file," the "union," or other abstracts; rather they are with the particular worker or with local #3; they are with concrete figures— with individuals and groups. If "collective bargaining is one method of management" 24 then it must be flexible enough to deal with particular problems; with local problems. Neither industry-wide bargaining nor nationally formulated policies by themselves are effective in such particular situations. Local level bargaining, which agrees with the overall economic objectives of the union, must supplement industry-wide bargaining if the common good is to be attained.


The restriction of the individual firm's independence

In situations characterized by industry-wide bargaining it is common for the various firms to act together only when negotiating the agreement, whereas the unions always act in a group. Industry-wide bargaining centralizes management decisions. The power to negotiate and implement the agreement rests with the employer association or other central authority. In the Pressed and Blown Glassware Industry

... the joint conference decisions are binding on all members and no agreement contrary to the national rules may be made locally ... Final appeal of all disputes and grievances is made to the annual or special national conference.25

In the Pottery Industry "the union conference committee and the Employers' Association are considered to have binding power"26 over the industry's firms. A great deal of power must be vested in the negotiating group to make it in any way effective. In referring to wages, Lester and Robie discovered:

A precise schedule of rates in the agreement, enforced by central controls, is essential to the maintenance of substantial wage uniformity under national bargaining.27

25 Lester and Robie, op. cit., p. 114.
26 Ibid., p. 25.
27 Ibid., p. 92.
Uniformity and the industry-wide agreement

Uniformity is stressed in any industry-wide agreement, particularly in regard to wage rates. The latter are the key to standardized conditions in an industry. Uniform wage rates are the goal of both union and management. From the union's point of view the question of equity is important as it applies to the principle of equal pay for equal work. The unions also want to prevent undercutting of wage rates by removing wages from competition. Management benefits through the elimination of wage differentials among various firms, the stabilization of labor costs, as well as the elimination of "whipsawing" tactics by the union.

Interfirm comparisons possible under industry-wide bargaining increase the drive for industry-wide wage rates. Under "national and regional collective bargaining wages are the central element." 28 Great political pressures are brought to bear on national unions to establish uniform wage rates in an industry. For as a political entity, a union must be always cognizant of the effect its policies have on the local temper and it must also be alert to demands made by the locals.

The tendency toward wage rate uniformity under industry-wide bargaining is made clear by a "before and after" comparison of the bituminous coal and the pressed

28 Lester and Robie, op. cit., p. 7.
and blown glassware industries. Prior to April 1937, the southern wage rate for day workers in bituminous coal was 72.9 cents an hour or 92.7 percent of the northern rate of 78.64 cents per hour. The agreement in April 1937, reduced the differential by raising the southern wage to 80.0 cents per hour or 93.3 percent of the northern wage of 85.7 cents. The differential was completely eliminated in 1941.29

In the pressed and blown glassware industry uniform piece rates are set by annual wage conferences.30

Despite the insistence on wage rate uniformity, no one method of wage payment exists under industry-wide bargaining. Both time and piece rates, as well as special allowances for singular operations, prevail under industry-wide bargaining. And while uniformity in wage rates stabilizes labor costs and takes labor out of competition, differences in rates exist between firms in an industry because of differences in equipment, differences in application and degrees of the workers' skills, and differences in the working conditions.

The full fashioned hosiery industry presents a good example of rate allowances. According to the industry-wide agreement


30 Lester and Robie, op. cit., p. 15.
• . uniform piece rates apply within a "reasonable range" of conditions, but beyond that range the standard rates are adjusted in order to keep in line the earnings between workers expending the same skill or effort.31

The extent to which industry wage stabilization is achieved depends, to a large extent, on what part labor costs are of total costs. The percentage is usually high in the majority of industries engaged in industry-wide bargaining. In pressed and blown glassware labor costs equal from 60 to 70 percent of total costs in hand working shops and from 35 to 40 percent in machine shops;32 labor costs in pottery equal 60 percent of total costs;33 and in full fashioned hosiery between 40 and 50 percent of total costs.34

The basis for wage rate uniformity is not identical in industries practicing industry-wide bargaining. Thomas Kennedy lists seven types of uniformity which may prevail.35

1. uniformity of rate per output

2. uniformity of rate per unit of skill and effort required


32 Lester and Robie, op. cit., p. 10.

33 Ibid., p. 2.

34 Ibid., p. 44.

35 Kennedy, op. cit., p. 1.
3. uniformity of rate per hours of labor of a particular type
4. uniformity of rate ranges
5. uniformity of minimum rates
6. uniformity of rate changes
7. uniformity of total costs

These various rates are not complimentary and should be chosen with care. The differences are evident in the economic effects of the rates. One type results in an equitable relationship between earnings for the same work in different firms, another does not; one encourages technological advance, another discourages it; one protects marginal firms, while another efficiently eliminates them. The objectives of the parties to the industry-wide agreement are the primary determinants of the method of wage payment to be employed in an industry. These objectives, in turn, must be formulated with an eye to their over-all economic results and the common good of the workers in the individual firm in the industry.

The type of wage rate or wage adjustment uniformity under industry-wide bargaining will ultimately depend on the policies or objectives of labor, management, and the government.

Industry-Wide Bargaining versus Local Bargaining

The firm and the industry

The nature of the firm: The firm is an instrument for organizing various factors of production for a
particular purpose. If the firm is to survive and prosper, both the aims or goals of the institution as well as the diverse motives of the individual must be recognized and satisfied.

The nature of the industry: The industry is comprised of a group of firms producing a homogeneous product but possessing different characteristics of such factors as the human element, the location of the various firms with respect to raw materials and markets, and different methods of organization.

**Uniform wage rates and local bargaining**

One of the best methods to determine whether or not industry-wide bargaining is an effective and equitable method of industrial relations is to see how it affects an individual firm. Since all, or almost all, industry-wide agreements tend to establish standard wage rates, this criterion may be applied to an individual firm.

At present no unanimity exists among workers or employers regarding methods of wage payment. But time rates and incentive rates find favor among industries engaged in industry-wide bargaining. An historical observation may be made here regarding industries which have used industry-wide negotiations over long periods to the effect that piece rate payments or variations thereof appear in most instances. In the pressed and blown glass-ware industry, the pottery industry, and the full fashion-ed hosiery industry, all firms with long histories of
industry-wide bargaining, wage rates are standardized on a piece rate basis.36

Unions are generally found to prefer time rates since their objective is a standard wage rate for the same work; while management usually favors piece rates because they may then more accurately determine unit labor costs. But whatever the method of determining wage rates, it is essential that the one decided upon be common to all firms in the industry.

Whenever a system of wage uniformity is in operation, regardless of the system of measurement used, it must be supplemented by a program of job evaluation and classification to insure proper operation of the standardization program. Non-uniformity results from the lack of a system of classification administered and enforced on the industry level. Yet some jobs are peculiar to a particular firm and in such a case wage rates are determined locally. These unique jobs are usually excluded from an industry-wide wage rate scale. Lester and Robie point out in discussing the flat glass industry

... in many of the skilled maintenance occupations and in some other jobs, rates of pay are slightly higher at Libbey-Owens-Ford. Lack of complete wage uniformity is, however, primarily due to differences between the two companies in production methods, job content, utilization of female workers, and application of incentive systems.37

37 Lester and Robie, op. cit., p. 73.
If labor is to have any voice in determining standard wage rates and other working conditions it cannot ignore the local level. For "the application of the common rule to uncommon situations is the most disruptive influence in multi-employer bargaining." 38

Alexander Heron draws the following conclusions as to the reasons for successful bargaining.

The American worker accepts, and cooperates in, the activities of business on the basis of two fundamental conditions. First, he must believe and know that the hierarchy by which his work is directed has meaning. Second, he must know that his work has meaning; must know what that meaning is; must know that through that meaning he is actually a part of the hierarchy. 39

Some industries have developed such a feeling among their workers, while many others have not. When industry-wide bargaining results in an almost exclusive emphasis on rigidity, standardization, legislation, and concentration, it does little to promote individualism or to add to the dignity of the individual worker as a human being.

Labor and management recognize non-uniformity in local conditions.

That collective bargaining is oriented to the particular is evident on examination of the trucking industry.


From one view, the industry is one of the most homogeneous; it sells a single service. But upon observation of working conditions, it is found to be one of the most diverse industries. While some recognition of local conditions is given in industry-wide agreements, the tendency toward uniformity is evident. This is almost an "unconscious" tendency. For at the industry level it appears much simpler and more efficient to resolve as many of the items on the bargaining agenda along uniform lines as possible. It is very easy for the negotiators to overlook the individual worker and the single firm.

Industry-wide uniformity of wages and differences in productivity

"No argument is used with more conviction or sophistication than that wages should vary with changes in productivity." 40

During periods of prosperity unions are on the alert to secure increased wages, while during periods of declining prosperity and production, management is determined to reduce the wage rates. Nonetheless, tying wages to productivity must result in great inequalities in the structure of wage rates. Wages can no longer reflect skill, experience, and similar considerations. An increase in productivity in one department, firm or industry

does not guarantee similar increases in other work places. A relationship between wage rates for the entire firm and particular job standards should be created for without a reasonable wage structure chaotic conditions may easily characterize the firm. This application is made on a firm by firm basis, for the application of uniform incentive plans to all the firms in an industry is impossible since all firms in an industry are characterized by different levels of production.

The economic effects of wage uniformity on the various firms depends greatly on the level at which the wage rates are set and on the three major causes of difference in productivity between the firms, namely; the differences in managerial ability, worker aptitudes, and resources and location. The latter cause has long been recognized as an excuse for wage rate differentials in the bituminous coal industry.

The so-called "principle of competitive equality" sanctioned lower tonnage rates for less favorably situated mines, with respect to transportation costs at least, as well as exemption in some degree from higher tonnage rates for abnormally difficult conditions for the miners.41

Four major alternative methods of setting wage rates are open to unions and management in their negotiations. They will be considered briefly. The first method sets

the rates low enough to allow the marginal producers to remain in business. While the union usually favors this method as a means of assuring their members more jobs, it is invariably opposed by the most efficient firms. Politically speaking the national union has a difficult time agreeing to this scheme, though, because the possibility exists for workers in the most efficient firms to receive higher wages without the marginal producers. A second alternative fixes wage rates to enable a "representative firm" to earn a normal profit. Immediately the question arises as to what characteristics the "representative firm" possesses. Under this plan as the profile of the "representative firm" becomes more and more efficient the sub-normal firms are forced from the industry until conditions of monopoly or oligopoly prevail.

One of the best known methods is the ability-to-pay scheme for establishing wage rates. The political repercussions under centralized industry-wide bargaining make this type of wage negotiation impractical. The last method, uniform piece rates, is virtually prohibited by the differences in plant equipment, et cetera. Strict adherence to this method produces an adverse effect on technological advances in the industry.

Political considerations important

Political considerations play a definite role in negotiating the collective bargain. This includes the
political necessity of reconciling conflicting pressure
groups within the two institutions. Then, too, industry-
wide bargaining makes comparisons between industries and
firms an easier task, so the union leaders are under con-
stant pressure to meet increases gained by other groups.

The national character of this type of bar-
gaining negotiation . . . tends to impose the
results upon other industries. As we have al-
ready observed, a great deal of publicity at-
tends negotiations with the large steel, auto-
mobile or electrical companies. This, plus
the fact that other industries are linked with
them by financial and organizational ties, all
but makes it incumbent upon the leaders of
other unions and companies to press for settle-
ments similar to those consummated in the major
industries. This can have some grim results,
as the ordinary give and take of collective bar-
gaining is subordinated to aping a pattern ar-
rived at in some other industry whose cost,
price and profit picture may be quite different. 42

An industry is a group of partially heterogeneous
firms each having their own problems requiring local solu-
tion. Industry-wide bargaining tends to recognize the in-
dustry as a single institution in applying uniform stand-
ards. Until all the firms come under rigid central con-
trol the industry is of secondary importance. The above
consideration of the major aspect of standardization,
wage rates, under industry-wide bargaining indicates the
extent that political rather than economic considerations

42 Everett M. Kassalow, "New Patterns of Collective
Bargaining," Insights into Labor Issues, Richard A. Lester
& Joseph Shister, eds., New York, the Macmillan Co., 1948,
pp. 126-127.
are employed in industry-wide bargaining and how these fail to solve the economic difficulties existing at the local level.

Industry-Wide Bargaining, Local Bargaining, and Tripartite Planning

The trend toward industry-wide bargaining attempts to fill a need for an effective method of control of some special industry problems. This need for industrial control is most evident in industries where problems confronting the employers and workers are beyond local control. Because of the chaotic conditions in the bituminous coal industry, operators were forced to engage in competitive wage cutting to remain in business. Labor costs represented 60 to 65 percent of total costs. On the other hand, it may be said that industry-wide bargaining is not an effective tool for integrating the interests of the two distinct employer groups in bituminous coal; the "captive" mines owned by the steel companies and the railroads versus the "commercial" mines. Still the industry produces an almost homogeneous product.

Under conditions such as those existing in bituminous coal industry-wide bargaining appears to be inevitable. For either the union and management negotiate on an industry-wide level with the resulting industry stability, equalization of labor costs, and union security, or they must operate on a purely local level and face industrial instability, competitive wage cutting, and union insecurity.
Alternatives to industry-wide bargaining

Are there any alternatives or substitutes for industry-wide bargaining? Two labor economists hold that there are satisfactory substitutes.

Witte maintains that the alternatives are not between local and industry-wide bargaining, but between industry-wide bargaining and union-wide bargaining with national wage patterns established by the union.43 Witte, in effect, argues for industry-wide bargaining because the only real alternative to industry-wide bargaining is not local bargaining but union-wide bargaining—a practice in which bargains are not negotiated between national unions and employer associations, but one in which national unions will draw up a "form" contract or pattern and force this upon the individual employers.

Professor Lester holds that industry-wide bargaining furthers

"... factual, reasoned negotiations which are more likely to result in wage decisions that take into consideration the needs and interests of the whole industry."44

But equalizing the bargaining power of labor and management does not secure industrial peace and may lead to extended strikes. The negotiators, as representatives of


either labor or management, usually come to the bargaining conference with a set series of semi-inflexible problems and solutions. The proposals made at the conference take on the nature of demands rather than suggestions to be considered, evaluated, and worked out to the mutual interest of both the union and the employer. The representatives come to the conference with a definite platform. The collective bargaining relationship under industry-wide bargaining shows danger of returning to the early unilateral type bargain where one side presented its demands which were either accepted or rejected by the other party.

The situation is very evident in basic industries occupying a vital position in the economy. Here it may be seen that either or both parties hold out and wait for government intervention and a better settlement. In the 1946 steel dispute the industry refused to sign an agreement with the union until the government granted an additional $1.00 a ton increase in the basic steel price.

Industry-wide bargaining: disadvantages

While industry-wide bargaining has many previously mentioned advantages, particularly in disorganized industries, it also possesses two major disadvantages.

First, at the local level, single firms are governed by a uniformly bargained industry-wide contract which tends to ignore the economic situations peculiar to them. The locals are subject to rigid national union control.
Industry-wide bargaining is highly effective in stabilizing chaotic industries and overcoming problems which cannot be met by the individual or at the local level; but concern is expressed over the concentration of power in the hands of industry-wide bargaining groups to deal with differing and intricate situations in different firms and various geographic locations. Local firms have the right and are better able to bargain on their particular affairs providing these local bargains are compatible with industry-wide policies and negotiations.

Secondly, the interests of the employer and employees are organized without provision for the integration and compatibility of each. The determination of responsibilities by the union and management and the assumption of same by each party are not assured by industry-wide negotiations.

How well it will work depends upon the economic statesmanship of the representatives of the two parties. If both parties will assume their responsibilities to each other and to the public, relate their demands to the realities of economic life, and share the gains of progress not only among themselves but with the public, industry-wide bargaining can be successful.45

The crux of the matter seems to be the adequate determination of the actual responsibilities to be assumed by each group. But how can the bargaining parties themselves actually determine their common goals and the path that leads to these aims? There is need for a commonly

45 Fisher, op. cit., p. 43.
recognized framework of principles on which labor and manage ment can base their actions. Elevating collective bargaining from the local to the industry-wide level does not alter its essentially specific nature. The industry-wide bargaining negotiations do not provide for a central authority that is representative of the diverse interests in the industry, and that is, by reason of the fact, able to guide the industry along lines of broad, general policy and help adapt these policies to the local level.

Can the "impartial chairman" or "arbitrator," employed by the great majority of industries engaged in industry-wide bargaining, perform this regulatory function? No. For the task of the "impartial chairman" is to interpret the existing contract as it is written. He has no creative authority, although he may make suggestions concerning the fitness of the agreement. It is evident that the bargaining process has become its own control. The only controls over industry-wide bargaining are those made by the parties themselves.

Ludwig Teller has proposed a government administered national labor code to be used as a framework within which to carry on industry-wide bargaining. The code reads as follows:

Industry-wide collective bargaining and bargaining agreements made in furtherance of an effort to improve or stabilize conditions in a given industry or area should be favored, but the execution of such agreements should constitute an unfair labor practice if

1. price fixing is thereby effected, or
2. markets are thereby allocated, or
3. limitations upon output are thereby provided, or unreasonable methods of production are thereby required, or
4. the rights of an employer not party to the agreement to enter the industry is thereby restricted, provided, however, that the contracting labor union may agree that its members shall work for none but such employers as become and remain members of the employers' association, if any, or as comply with the provisions of the agreement.

In order to assure enforcement of the code

... industry-wide collective bargaining agreements, and the general rules and regulations or practices thereunder, should be in writing, and copies of such documents should be filed with the proposed labor court.

This proposed code provides too much government control and direction of bargaining. As a result, collective bargaining would soon become a government function and would cease to be either "collective" or a "bargain."

Legislation can be used to provide a framework within which industry-wide bargaining may take place, but legislation cannot do the bargaining. Responsible industry-wide bargaining may be achieved only through education and experience.

Bargaining at the industry-wide level is concerned with making standard solutions rather than providing, as it should, a framework within which peculiar or unique

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situations can be worked out at the local level. Industry-wide bargaining

... must be based on a functional integration which conceives of the enterprise as composed of its various interest groups and builds its organization around them and encompasses them.48

Until all firms are merged into one gigantic trust or combine, the local company remains the primary unit upon which depends the existence of the industry. Yet local bargaining provides no common ground of policy within which labor and management can bargain efficiently. So industry-wide bargaining is resorted to which, taken by itself, involves the danger of resorting to the other extreme which fails to allow for local differences.

Collective bargaining, either at the local or industry-wide level, has proved too narrow to allow labor and management to formulate policies directed in the end of the common good. The inevitable conclusion points to a framework for bargaining developed by a higher authority. This authority must have the power to develop a broad policy concerning wages which would be applicable to all businesses in general, rather than to a particular bargain. The Labor Committee of The Twentieth Century Fund recommends that

... the leaders of American industry and labor now jointly direct their attention, through the processes of self-government, to an agreed statement of economic principles which will afford a

basis for a constructive advance in understanding the wage-profit-price relationship in a democratic system of competitive private enterprise.49

This authority should develop standards based on desired national investment goals, standards that would guide the parties in their respective determination of the collective bargaining agreements. The bargaining groups would then have some guideposts to direct them. It (the authority) should define the conditions which would legitimately allow regional, local, and national wage differentials and thus encourage greater mobility of capital and labor. The most important contribution of such an authority should be a statement of the functions of management and a definition of labor's area of interest in the industry or firm, in the control of the national economic well being. The organization should stand between the government and the individual and give greater meaning and efficiency to industry-wide bargaining. The policies of the government, both economic and legal, provide a healthy environment for such an organization or authority, but this type of organization cannot be legislated into existence. It is the result of a gradual development in the national industrial relations scene and in public opinion.

CHAPTER IV

SUMMARY AND CONCLUSIONS

Historically speaking the trend toward industry-wide bargaining has been evident since the first developments of collective bargaining. The ultimate goal of the union has been the standardization of wages and other conditions of work, which may most profitably be achieved only through industry-wide bargaining. Until the labor movement firmly established itself on the American labor scene, with the help of a sympathetic national labor policy, its efforts were concentrated on union security. Once security was achieved, organized labor could devote its full energies to securing industrial uniformity.

Industry-wide bargaining is most evident in industries characterized by high labor costs, easy entry into the field, and general industry instability. These industries are faced with problems which are not open to solution at the local level.

The interest in and trend toward industry-wide bargaining is apparent in the general views of the parties most concerned. Some employers accept industry-wide bargaining because it tends to equalize labor costs; while the unions' ambitions are toward standardization of wages and other conditions of work and to take labor out of competition. Many labor economists hold that industry-wide bargaining is an effective device for stabilizing
an industry, promoting industrial peace, and contributing to the general economic welfare of the nation. The government, through the N.L.R.B., holds that industry-wide units contribute to industrial relations stability and protect the rights of the union and the workers by giving them bargaining power equal to that of management.

Industry-wide bargaining is not of itself an effective means of industrial control. Collective bargaining, by its very nature, is adjusted to the particular rather than the general. Industry-wide bargaining results in rigid rather than flexible bargains which may be adapted to the local level. An industry is usually made up of a number of firms, homogeneous to a certain degree, but heterogeneous in many economic characteristics. It is the individual firm rather than the industry which is the primary socio-democratic institution in our economy. And this hierarchy will continue until the firms are welded into one large trust or cartel. Just as industry-wide bargaining tends to impose rigidities on the individual firm, so it tends to transform the local union from a dynamic institution into an administrative arm of the national union.

To modify and make more effective the workings of industry-wide bargaining, a tripartite authority should be established to develop a general framework within which bargaining negotiations can take place. The framework would direct the bargaining negotiations toward the common
good. The authority should stand between the government and the public. It must be the result of education and experience rather than of legislation.

From an over-all point of view, the ultimate effects of industry-wide bargaining will depend on the question of whether management and labor will be able to accept as a working proposition the idea that there exists between them a community of interest as producers and an interdependence between them and other groups in the general population which makes conflict more wasteful than cooperation. Industry-wide bargaining can help in bringing these attitudes about and facilitate their operation once they exist. It cannot be expected, however, to do the job all by itself.¹

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