CONCESSIONARY BARGAINING AND LABOR RELATIONS**

I. General


Concessionary bargaining, layoffs and plant closings associated with an economy in recession are examined in this report. In return for employment security, concessions by unions have taken such forms as wage and benefit reductions, forfeiting paid holidays, and agreement to work-rule changes. In addition to examining the major bargaining agreements in the automobile industry, which involved some forms of "givebacks," BNA data reveal 88 other instances of concessionary bargaining in the first three months of 1982.


Published as a result of a conference sponsored by the Practising Law Institute, this program handbook examines the new climate of collective bargaining and its implications for both labor and management. Despite recent concessionary bargaining and the bleak outlook for unions in the 1980's, it is noted that many major labor leaders are models of "professionalism" during this time of crisis. The principal reasons and economic forces underlying the changed bargaining climate are addressed. In return for union wage and benefit accommodations however, labor-management relationships are moving into a period in which unions will have a more extensive role in corporate decision making.


The pattern-setting negotiations of the past are on the decline, report the authors. Major changes in the U.S. economy will force well established practices in collective bargaining to disappear. In particular they note that: 1) major contracts will no longer have a ripple effect on non-union wages, 2) cost of living escalators and rigid bargaining formulas won't be accepted as norms, and 3) long-term contracts will be reopened and renegotiated as business conditions change. Among new developments in collective bargaining are fragmentation of industry-wide pattern bargaining and greater sharing of information previously known to management only.

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** Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.

Twelve union concessionary bargaining agreements which occurred between 1970 and 1972 are examined. Characteristics of concession situations such as: management involvement, employee and union reaction and the bargaining results are detailed. In most cases, the employers faced adverse financial circumstances and threatened to cut back or close down plant operations. In return for certain wage and benefit concessions, employees were assured some form of job security.


This year's Labor Outlook examines the 1982 bargaining environment in light of the economic recession. The climate of collective bargaining marked by union concessions and its implications for both labor and management relations is explored.


Concessionary bargaining is described as just an adaptive mechanism to changes in the economy. What distinguishes this period of concessionary bargaining from others in the past is the fact that in return for givebacks, unions are gaining new ground by moving into areas traditionally considered the prerogative of management. A related study by Professor McKersie is Putting the Ford-UAW agreement and the current collective bargaining scene in perspective. (MIT, Sloan School, Working Paper No. 1384.82, November, 1982).


"Can a labor movement dedicated to the pursuit of 'more' accommodate to the necessity of settling for less?" asks Raskin, a noted labor expert. Although adversarial collective bargaining proved workable in the past, today's strained economy has forced labor and management to cooperate. A revised approach to collective bargaining which considers positive steps toward a new era of industrial relations include Quality of Worklife programs, profit sharing, and worker participation in decision making.


Professor Dunlop answers over twenty questions on the effect of the recession on wage negotiations. In addition to a serious recession, Dunlop outlines two other difficulties facing collective bargaining: 1) "Survival cases" that involve plant closings, layoffs, and corporate bankruptcy, and 2) "Structural problems" that affect longer-term economic changes such as
new technology and market competitiveness. Examples are cited and discussed. Despite such difficulties, Professor Dunlop does not believe these factors contribute to "any fundamental change in either our system of industrial relations or in arrangements by which employee compensation is determined." (See also Dunlop, John T. Remarks by former secretary of labor Dunlop on 1982 wage developments before conference of business economists [Text]. Daily Labor Report. September 30, 1982. pp. A1-A2, pp. D1-D2).

2. IMPACT ON ORGANIZED LABOR


In this article, Mr. Seligman: 1) examines the state of organized labor in view of its declining membership, and the rise in concessionary bargaining and decertification; 2) reviews the debate between economists on the issue of the effect of unions on productivity; and 3) analyzes the forces which appear to weaken unions. Unions are now searching for a strategy to compete with the practices that have developed in the most innovative of the non-union personnel administrative systems. In light of recent concessionary bargaining agreements, unions are suffering from an identity crisis. While the givebacks may be transitory, the reasons behind the concessions may be signaling larger changes.


Despite the compromises and concessions unions have been forced to make due to an economic recession, union leaders are determined to rebuild the economic and political strength of the labor movement as soon as the economy regains momentum. New approaches in collective bargaining, such as participative management, are viewed suspiciously by labor leaders. On the other hand, many economists interpret the current collective bargaining trends as having significant implications for future labor-management relations. A union document, issued by the Communications Workers of America, Committee on the Future, considers a number of serious threats to union activity and outlines a plan for consideration and action. (1925 K Street, N.W., Washington, DC. On request).

3. LABOR-MANAGEMENT RELATIONS


This article discusses significant changes in union-management relations and argues for cooperation and flexibility by both parties. Adverse economic factors are reversing the rapid rise in wages and benefits. This article contends that a pattern of wage deceleration, a "retreat" on restrictive work rules, and greater worker participation in corporate decision-making, are changes in a positive direction. Examples of corporate-union information-sharing and other worker participation programs are presented.

Grotto discusses the impact of the recession on the course of labor relations. To avert plant shutdowns, unions have agreed to concessions involving wage and benefit reductions and changes in work rules in return for security promises. Current labor concessions may "merely reflect the impact of the economic situation," the author warns. Furthermore, "companies have traded away long-term interests for short-term relief. Management will pay a high price for these concessions when the economy stabilizes and the union returns to the negotiating table. . . ." For an analysis of the current work rule controversy see "American labor and the industrial crisis" by Michael J. Piore (Challenge, March-April, 1982, pp. 5-11).


During the thirty-fifth annual meeting of the Industrial Relations Research Association the issue of collective bargaining developments was addressed. Contributed papers on union wage determination, concessionary bargaining, and concessions in public employee bargaining are reprinted in full text in this publication.


Based on the authors' examination of changes occurring within firms and unions, resulting from concessions in bargaining, the authors believe these changes "will have long-term consequences for the performance of the American industrial relations system." Among the transformations in industrial relations discussed are: 1) union influence in company strategic decision making, 2) closer ties between line managers and personnel specialists as a means to improve productivity and control labor costs, 3) worker participation in decision making, 4) changes in collective bargaining strategies.


The new direction of negotiations, Lanouette concludes, is one of "compromise and cooperation rather than confrontation." A review of major concessionary bargaining negotiations between the automobile firms and the U.A.W. are reviewed. The author predicts that as the economy improves, labor will step up wage and benefit demands in a "catch-up period."


U.S. labor relations have come under pressure from two related directions. Employers are looking to reduce labor costs by forcing unions to "giveback" past benefit gains and working practices. At the same time, productivity problems and declining competitive ability have focused interest in Quality of Work Life Programs. Thackary examines the turnaround in management and labor relations.