

Concession Bargaining and the Decline of Industrial Unionism in the 1980s by Kim Moody;
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In the essay below, labor journalist Kim Moody argues that the Chrysler bailout of 1979-1980 broke the system of pattern bargaining in the core industrial sector. Pattern bargaining was based on the union's attempt to standardize wages in respective industries. It had been a major accomplishment in core industries such as auto, packinghouse, steel and various other industries in the period from 1945-1970. The breaking of the pattern bargaining structure in the 1980s touched off a wave of concessions and givebacks that weakened unions and lowered wages. Initially, many unionists thought that such concessions were mere temporary retreats designed to save jobs and help out hard-pressed employers. Moody shows that, while relatively few jobs were saved, dozens of employers demanded-and won-wage concessions of their own, regardless of the financial health of their enterprises.

Modern business unionism in the United States has never developed a method of dealing with large-scale business failure. In the postwar period, companies came and went, but most of the industries in which unions were based continued to provide jobs. If Packard went under, it was probably because GM, Ford, or Chrysler beat it in the US market. But as long as the US market grew and the players were US firms producing for a domestic market, the failure of one firm probably meant more work at another—minus the tolerated annual loss of jobs due to new technology and higher productivity. Business unionists therefore didn't worry much about corporate failures.

In the automobile industry, however, the rules changed. For one thing, the number of passenger car producers dwindled to four, meaning that any failure would have a significant impact. The growing penetration of the US market by imports, particularly following the oil price increases of 1973 and the recession of 1974-75, meant that the production lost from a failure could be picked up by an overseas firm. US producers stuck with big cars, so the Japanese and others took a larger piece of the market by introducing smaller, more fuel-efficient products. By 1981 they had captured 29% of the market. This might not have mattered if the US market had continued to expand rapidly, but it didn't. The US and Canadian market shrank from 61% of total world demand for cars in 1960 to 37% in 1980....

[New investment by US industrial firms was increasingly financed by borrowing from banks rather than by using internally generated funds. In auto, the Big Three all adopted the same growth strategy: first, in the 1950s, expansion in the large, more profitable big-car market; second, expansion abroad. GM was the leader in both strategies, with Ford a close second. Chrysler, however, was in bad shape. . . . By mid-1979 Chrysler had a total debt of \$1.5 billion and a payment schedule it could not meet. In 1979 Chrysler unveiled its high-priced New Yorker and St. Regis models, which had cost \$57 million in retooling, just as OPEC announced another oil price increase. In mid-1979 the company had 80,000 cars in unsold inventory valued at \$700 million.

Negotiations for a bailout had begun even before the disaster of 1979. John Riccardo had been in close touch with the forty or so banks that had held Chrysler's debt since 1976. Negotiations with the Carter administration and the UAW (United Auto Workers) had been under way during 1978 even before Lee Iacocca became president of the company in November 1979. Indeed, by early 1979 Chrysler had worked out a \$750 million line of credit with domestic banks and another \$400 million with Japanese banks. On 9 August 1979, Secretary of the Treasury G. William Miller announced that the US government would provide \$750 million in loan guarantees. But the banks wanted more than federal guarantees. . . . They wanted concessions from the union as part of a plan to reorganize Chrysler.

... The wage and benefit concessions made to the Chrysler Corporation in October 1979 were pushed through by the UAW leadership as a sign of good faith to Chrysler's bankers and an incentive to Congress to pass the Chrysler Loan Guarantee Act. Certainly no one thought a six-month wage freeze, the surrender of six paid holidays, and the deferment of pension increases would solve Chrysler's financial problems. But the bankers were still hesitant about extending Chrysler's line of credit, President Carter was not yet committed to the plan, and congressmen outside the Rust Belt states were wondering how all this would look in the 1980 elections. The concessions agreement was more a political act than an economic one.

The consequences of this political act, however, were profoundly economic. One of the largest, most powerful industrial unions in the US had demonstrated that wage and benefit bargaining was not a one-way street. Congress got the message right away. In January 1980 it made passage of the bill contingent

on further concessions. The UAW accepted the loss of seventeen paid holidays and the continued delay of all pay raises for Chrysler's hourly workers. A year later, Lee Iacocca asked the union for additional concessions package worth \$673 million. The Federal Loan Guarantee Board backed Iacocca. These concessions ... put Chrysler workers about \$3 an hour behind workers at Ford and GM, introducing an economic element in Big Three bargaining. The pattern, established decades earlier, was broken.

From the start, the UAW leadership pushed hard to sell the cuts to the members. At each stage, the UAW sent out letters to all workers.... By 1981 the union had the concessions formula down pat: ". . . without the sacrifices, there will be no loan for Chrysler and jobs will go under along with the company."

UAW Vice President Mark Stepp, who was in charge of selling the 1981 agreement to the Chrysler Council (suborganization of union's bargaining team), tried to convince the union delegates that the agreement was another one of the UAW's "precedent-setting breakthroughs. He claimed that Chrysler had signed a letter of agreement granting "the right for workers to have something to say about their destiny." What Chrysler agreed to were joint union/management committees that could discuss problems voiced by employees. Far from being a new instrument of power, they were another step toward the surrender of autonomous union power....

Neither this fact nor the economic logic of breaking the pattern lost on the other automakers. A Ford spokesman told the *Detroit Press*, "You can bet we're watching Chrysler's efforts with a good deal of interest. We haven't done it [ask for concessions] yet, but we'll see what happens on this go-around with Chrysler." GM Chairman Roger Smith was even more to the point: "You cannot have a two-tier industry." In other words, Chrysler now had a competitive advantage. In February, *Business Week* carried an article entitled "Pleas for Wage Relief Flood into the UAW." In the first nine months of 1981 the UAW's Research Department assessed seventy-five requests for concessions. The union's early plea that the Chrysler case was exceptional went out the window.

The pressure mounted on the UAW all through 1981, and in December the International Executive Board reversed its previous refusal to reopen the Ford and GM contracts. In February 1982 the UAW agreed to sweeping concessions at Ford. All paid personal holidays (a shorter worktime program initiated in 1976 to help create jobs) were ended. The 3% annual improvement factor, first negotiated in 1948, was dropped, and three COLA [cost of living adjustments] and all pension increases were deferred. The deal was estimated to be worth \$1 billion to Ford. In April GM got the same agreement, saving \$3 billion over twenty-nine months....

The Chrysler concessions were not the first such give-backs. Companies in rubber, aerospace, meatpacking and other industries had demanded and sometimes received concessions. But the Chrysler bailout was a highly visible public event. And the UAW contracts with the Big Three were arguably the backbone of the entire pattern structure of industrial collective bargaining. If the UAW, a strong union with a reputation for militancy, could put bargaining based on company performance and competitiveness ahead of the traditional pattern, why not others?

The spread of concessionary bargaining was rapid. Following the GM settlement, the seven corporations covered by the Basic Steel Agreement asked the USW [United Steel Workers] to open the contract and make concessions. This proposal was rejected by Steelworkers local union presidents in 1982. But by the end of the year, major concessions had been negotiated in airlines, meatpacking, agricultural implements, trucking, grocery, rubber, among smaller steel firms, and in public employment. The years 1979 through 1982 might be termed the first round of concessionary bargaining. These were recession years and a number of the industries in which give-backs were made were experiencing financial or competitive problems. Labor, therefore played down the importance of concessions, calling it a temporary phenomenon....

But employers didn't see it that way. A 1982 survey of four hundred corporate executives (from both profitable and ailing firms) by *Business Week* revealed that 19% of them said that, "although we don't need concessions, we are taking advantage of the bargaining climate to ask for them." Profitable firms that received concessions during the first round included GM, Kroger, Iowa Beef, Gulf Oil, Texaco, Caterpillar Tractor, and United Parcel Service. Furthermore, some of the industries involved were not declining industries like auto or steel, but growing ones like trucking, meat-packing, and even airlines. In these industries, the specific problem was the growth of a nonunion, substandard sector within an industry that had become competitive in the domestic market. The airline unions, with their history of craft,

company-by-company bargaining, were unprepared for the competitive atmosphere that deregulation brought. In the case of trucking (which was also deregulated) and meatpacking, the Teamsters and United Food and Commercial Workers, respectively, adopted policies of granting concessions-piecemeal in trucking, across the board in meatpacking- which inevitably accelerated the employer drive for concessions.

The second round of concessions bargaining, beginning in the economic recovery year of 1983 and going through 1985, opened with major concessions in the Basic Steel Agreement.... In February 1983 the USW granted the seven major steel firms a \$1.25-an-hour wage cut, the loss of six COLA payments, reductions in vacation time, and the reduction of Sunday pay to time and a quarter. The pact was said to be worth \$3 billion to the steelmakers. It specified that the wage cut would eventually be restored, but future rounds of concessions negated that part of the agreement. Phelps Dodge also took on members of the USW at its copper-mining facilities in the Southwest. This led to a long, bitter and ultimately unsuccessful strike, with the company imposing deep cuts on a nonunion workforce. The Teamsters signed the second National Master Freight Agreement to contain across-the-board concessions, including a two-tier wage scale, loss of the COLA, and concessions on production standards. The second round also saw profitable firms such as Greyhound, the three major aerospace corporations, the major oil refiners, Hormel, and growing service industries like the hotel industry demand concessions with all the insistence of Chrysler or General Motors.

By the end of the second round of concessions, the nation was in its third year of economic recovery. Concessionary bargaining had crossed industry lines, and unions in some industries had made their second set of give-backs. The notion that concessions were a temporary phenomenon visited only on ailing industries and firms was no longer tenable....

The impact of concessions goes beyond wage rates, however. It has hit other benefits with increasing force. The Bureau of Labor Statistics [BLS] publishes data on total compensation (wages and benefits) only for new contracts covering 5,000 or more workers, but this series reveals the same downward trend. The average first-year adjustment for total wages and benefits fell from 10.2% in the private nonfarm economy in 1981 to 1.1% in 1986, indicating that declines in the larger bargaining units were even greater than in the others. Cost-of-living clauses have been another major casualty of concessionary bargaining. In 1979 about 60% of all workers under major contracts (covering 1,000 workers or more) were covered by COLAs. According to the BLS's figures, only 50% of those covered by major contracts had-COLAs by 1983; by 1986 the figure, had fallen to 31%.

In the face of worker impatience with second and third rounds of demands for concessions, the employers looked for new formulas that would induce employed workers to ratify concessionary contracts. One such device was the lump-sum or bonus payment-a one-shot amount of money that would not be folded into the wage rate, but would be large enough to produce ratification or cooperation for the moment. The effect of lump-sum payments on worker income was substantial. According to the *Wall Street Journal*, "While many corporate executives are promoting the bonus programs as a tool to share the wealth and increase productivity, the plans clearly mean less money for most workers." Because of the compounding effect of regular annual increases in the wage rate, lump-sum payments over the life of a contract can mean a lot less money. For example, a worker making \$8.00 an hour just before a new contract would gain about \$2,000 over the three-year life of the contract if his/her wage rate were increased 2% a year. A 2% annual bonus, on the other hand, would produce only \$1,000 in three years. Further, a lump-sum payment would mean that in the following bargaining round the wage "platform" would be the same as it had been three years earlier. In both these ways, bonuses perpetuated wage deceleration and avoided cost increases in premium pay (overtime, weekends, holidays, and so on) or benefits based on wage rates....

Another device that captured capital's imagination for a period was the two-tier wage system. It allowed the employer to hire new workers at wage rates below those of current employees. Short-term "starting rates" were not new, but the two-tier plans of the 1980s either created a permanent lower stratum of employees, at least until all the higher paid workers retired, or a prolonged wage gap between the two groups of workers. Since a two-tier system required no sacrifice from those currently employed, it was often easier to sell than a straight wage cut or freeze. Of course, it also undermined the potential solidarity of the workforce because two groups of workers were performing the same work for different pay. These

schemes became popular in 1983, and 800,000 workers were covered by contracts with two-tier structures by 1984. . . . The largest single contract to adopt two-tier pay was the Teamsters' 1985 National Master Freight Agreement. The union that negotiated the largest number of two-tier agreements was the United Food and Commercial Workers, which signed 87 of the 261 two-tier agreements negotiated in 1983-85, most of them in the retail grocery industry....

The first round of concessions had focused on wages and benefits, but concessions on working conditions, work rules, production standards and other aspects of the workplace regime became increasingly common in the second and third rounds....

The significance of contract language regulating working conditions through such means as job classifications, work rules, and production standards is often seen by the public or even by unaffected groups of workers as something anachronistic or irrational. In fact, such regulations are necessary for the functioning of most systems of production. Workers engaged in the collective production of goods or services must know what they are doing, where their responsibilities begin and end, and agree on a manageable rate of work so that the different operations are properly coordinated. The more complex the operation, the greater the need for universal rules. Otherwise, the result is simply chaos. Frederick Taylor and the "scientific management" school recognized this principle as much as any trade union. The difference, of course, was that management wants the right to set these rules as it sees fit, while labor needs to shape the rules to protect itself.

There is no greater efficiency inherent in management's version of work regulation than labor's.... [M]anagement's attempts to define work rules are shaped by its need to control labor, not by any technically objective standard of efficiency. Indeed, the literature of industrial relations underlying such programs as Quality of Work Life recognizes the inevitability of management inefficiency. This is because the workers who collectively perform the complex operations of modern industry have a better understanding of what is really involved in their work than do managers who have no hands-on experience. Management attempts to increase efficiency often simply produce low-quality products or services. In the end, all forms of workplace regulation reflect a large element of subjective self-interest.

From the standpoint of labor, work rules, job classifications and other methods by which the union attempts to regulate the organization, pace, and quality of work are essential and rational forms of protection. Management cannot arbitrarily load one individual or group with more tasks, combine jobs to reduce the workforce, or deprive a worker of the work he or she was hired to do. Union regulations are also important to safety. Management's disregard for safety in large-scale operations is well-known.

Workers can be endangered if they are pushed to perform work they are not familiar with. The existence of clearly defined jobs also provides some choice for workers with different abilities and temperaments. It is a fact that workers often bid for jobs with no difference in pay and will even take a pay cut if the work suits them better. Finally, the existence of established rules gives the workplace union some power. Work-to-rule is, of course, an important means of asserting union power-one reason management would like to dump such rules.

In general, modern industrial unionism preferred to leave the workplace regime to the control of management and its modification to the local union. Job classifications are often spelled out in national contracts for the purpose of establishing wage rates, but detailed work rules are seldom a part of national agreements. Employer demands for modifications in work rules during national negotiations usually take the form of getting the international union's permission to bargain with locals for such changes. Work-rule concessions at the plant and local union level accelerated in the second half of the 1980s, further undermining pattern bargaining and the trade union principle of common work standards....

Standard wages, benefits and conditions are the economic foundation of unionism. They underwrite the solidarity of the membership by establishing an egalitarian means of determining wages and benefits in place of employer favoritism or external economic criteria. But standardization is also the objective basis for both the defense of living standards and for future improvements. In 1909 John R. Commons noted that in order for any group of workers to raise their wages above a given market level they would have to "take wages out of competition." This meant standardizing wages throughout a particular labor market regardless of the competitive pressures on the employers.

Except for rare cases of true monopoly (for example, AT&T until very recently), all employers producing and selling the same (or substitutable) goods or services are in competition in a capitalist

society. Labor, no matter how well organized, cannot eliminate the competition among employers, but it can eliminate the competition among workers. In Commons's time, most labor markets and unionized employers were local or regional. The major exceptions were coal, firearms and rail transport. The new basic industries such as steel were still nonunion. Most unions were craft unions.. They attempted to "take wages out of competition" by establishing a standard union rate and forcing employers to hire only from the union. This involved either organizing all the workers in the same craft in a given market or driving nonunion workers out of the market in one way or another. In general, only the building trades unions were successful in this effort, and their success was often based on ethnic exclusivity and racial discrimination. This craft approach to suppressing competition among workers was basic to the old business unionism of the American Federation of Labor.

Industrial unionism approached the question of eliminating competition among workers in an entirely different way. Rather than working to limit the labor market or exclude potentially competitive workers, the industrial unions attempted to organize all the workers in the industry. The industrial union approach was inclusive rather than exclusive, national or even international rather than local or regional. The unions then fought to standardize wages, benefits and conditions for all the workers. Industrial unionism was egalitarian in that all workers performing similar work received the same package of wages and benefit standardized through the mechanism of pattern bargaining....

[As long as the economy grew these patterns functioned as a means of protecting and improving the living standards of millions of workers. They provided a measure of protection not only for those directly covered by the major industrial patterns, but for workers performing similar or related work in the thousands of new plants built during the three decades following 1950-at least those fortunate enough to be organized into unions. Workers outside of manufacturing-for example, in transportation and communications-also benefited from the first major patterns as they established their own in the 1950s and 1960s. Eventually, after the mid-1960s, even public employees were able to bargain on the basis of "comparability," that is, the standards set in private industry for similar work. There is even evidence that union pay levels and benefits have a spillover effect on non-union employers in the same industry.

For this system of pattern bargaining to work, the major patterns must remain intact. 'But ... the structure of the patterns started to deteriorate in 1948, when the major industrial unions ceased to present the same demands at the same time. Pattern bargaining then became specific to each industry. Beginning in the 1960s, nonunion sectors developed in most industries, slowly at first, then rapidly, putting increased competitive pressure on the patterns. In the 1970s import competition in some industries added to this pressure. The main effect here, however, was not to put US workers into direct wage competition with overseas workers (a situation the employers could not have imposed due to the magnitude of the wage gap) but to intensify domestic competition. The simultaneous crisis of profitability gave the employers the incentive they needed to break the "social compact" on which US labor relations were based. The rise of a competitive, nonunion sector in one industry after another gave them the first lever. Ultimately, however, it was the cooperative posture of business unionism in accepting concessions that turned a crack in the patterns into a flood of concessions.

In October 1979 the UAW's acquiescence to concessions put Chrysler workers' wages into competition. Beneath all the language about saving jobs, the UAW leadership demonstrated its willingness to make wages, benefits and then working conditions subject to competitive bargaining. The pattern in auto was broken, and the standard that upheld worker solidarity eliminated. Naturally, the other US automakers moved to end Chrysler's advantage by reducing the pay and fringe benefits of their own workers. A degree of wage parity was reestablished in 1985, but by that time the automakers had imposed bidding between plants (in which work rules were bartered for alleged job security) and the dynamic of competition was out of control.

In other industries, concessions were made on a "pattern" basis-that 'is, all the firms covered by the pattern agreement were given wage relief. This was the case in meatpacking in 1982 and 1984, steel in 1983, and trucking in 1982 and again in 1985. The unions believed that this strategy would prevent the breakup of the patterns because it preserved a standard. In fact, it simply opened the door to competitive bargaining. The wage freeze granted major meatpackers by the United Food and Commercial Workers [UFCWI was aimed at reducing pressure on the local unions to grant concessions by giving the companies under the pattern a break in relation to the lower wages of newer nonpattern firms, union and

nonunion alike. The Teamsters granted concessions to make union firms more competitive with nonunion operators. The USWA gave the seven basic steel corporations wage cuts to help them meet overseas competition. But once a union agreed to concessions in an industry with a lower pay, nonpattern sector (union or not), wages and other forms of compensation were put into competition, and the resulting centrifugal forces were hard to reverse. Smelling blood, the employers refused to limit their demands for concessions to the orderly process the unions hoped for.

If many labor leaders did not seem to grasp the economics of the situation, capital and its advisers understood it perfectly. Charles Lieberman, an economist for Shearson/American Express, explained it to *Wall Street Journal* readers: "Unlike the major industrial economies of Europe, the US labor market is becoming progressively more competitive. This development reflects the gradual erosion of the power of labor unions as well as the impact of deregulation." . .

The centrifugal force of concessionary bargaining was nowhere more graphically demonstrated than in meatpacking. The meatpacking industry went through a series of structural changes in the 1960s and 1970s. Many old plants were closed as the companies opened new ones outside the industry's traditional centers in Chicago and Kansas City. Conglomerates bought several of the major packers, in many cases divesting them later. Meatpacking faced no serious competition from imports, nor was the industry as a whole in crisis, unlike auto or steel. But as new firms entered the industry, a substandard, competitive sector developed. Toward the end of the 1970s pressure from numerous companies, both profitable and unprofitable, began to convince UFCW local unions that they had no choice but to make concessions. One UFCW staffer said at the time: "After Chrysler went down, we started getting hit by very aggressive moves from the companies for mid-term concessions. They were hitting the local unions and trying to turn them against the International."

In 1981 the UFCW leadership came up with the utterly remarkable idea that the best way to stem the tide of concessions being made by locals in the pork-producing sector of meatpacking was to grant a wage freeze to all the companies -under the pattern agreement. In a letter to all affected meatpacking locals dated 18 December 1991, UFCW President William Wynn announced the four objectives of the union's new strategy: 1) to "preserve and expand master agreements," 2) "to bring lower wage operators more in line with master agreement companies," 3) to resist "mid-term contract concessions," and 4) to "minimize the wave of plant closings." Predictably, Wynn's strategy achieved none of these aims.

The voluntary offer of a wage freeze put the pattern wages into active competition by granting relief to the pattern employers. Here, as elsewhere, this simply unleashed the desire of employers for a further improvement in their competitive position. The master agreement in the pork sector fragmented. Lewie Anderson, head of the UFCW's Packinghouse Committee, told the *Wall Street Journal* that in the first eighteen months of the new agreement the number of workers receiving the pattern rate of \$10.69 an hour had dropped from 50,000 to 30,000. Far from creating an orderly closing of the wage gap as other firms raised wages, the industry experienced a rapid downward spiral in wages. According to US Labor Department figures, the average hourly wage in meatpacking plants went from \$9.19 in January 1982, when the UFCW's voluntary 44-month wage freeze went into effect, to \$7.93 in January 1985. In addition, a number of the sub-standard firms got further concessions during that period, fouling the union's plans to raise off-pattern wages.... . The situation in the industry remained chaotic, and the companies pushed for further concessions in 1984. The UFCW did not have to reopen the contract, which didn't expire until September 1985, but it did, granting a \$1.69-an-hour wage reduction to those employers still under the pattern. The basic labor rate in plants still under the pattern, mostly Hormel and Oscar Mayer plants, was \$9 an hour. The new agreement called for an increase to \$10 an hour in September 1985. The UFCW claimed that by 1985 concessions would be over, but it was wrong. In Tennessee, where Oscar Mayer workers had avoided the \$1.69 wage cut, the company demanded a \$.69 cut in October 1985 to bring that plant's rate down to the level of the others. In Detroit, UFCW Local 26 suffered three defeats in late 1985 and early 1986. Kowalski Sausage broke the UFCW at its plant and cut wages. Hygrade workers took a cut from \$10.69 to \$9.50 with an additional \$.80-an-hour reduction in benefits in February 1986 after a six-week strike. Thorne Apple Valley -which already paid below the pattern rate, imposed a wage freeze in February 1986 after a three-week strike....

Beginning in 1986, the UFCW did manage to win wage increases at some plants. At Swift and Armour Dial (but not the ConAgra-owned plants) wages were raised to \$10 an hour in September 1986.

Most Hormel and Oscar Mayer plants went to \$10.25 in September 1986 and were slated to reach \$10.70 in September 1988. By 1988, the best of the new contracts would recover a rate first negotiated in 1979 and implemented in 1981. Real wages would be far below the level reached at the beginning of the decade. And there was no longer an industry pattern. These contracts, which represent a tiny minority of the workers once covered by the pattern, no longer cover the same period—that is, Swift, Armour Dial, and Morrell are behind by a year and below the wage levels at Hormel and Oscar Mayer, which means that the former companies have a competitive advantage. Even within the two remaining single-company "chain" agreements, not all of the plants at Hormel or Oscar Mayer receive the same rate. For example, workers performing slaughtering at Oscar Mayer's Perry, Iowa, plant receive less than workers doing processing. These contracts were negotiated at the height of an economic recovery; given the domination of competitive rates in the industry, it is quite likely that another round of concessionary demands will emerge in the next recession....

The competitive logic that shatters industry-wide patterns also tends to penetrate any company with duplicate operations or the ability to out-source production. Companies demanded that local unions make concessions, usually on working conditions or work rules, with the threat that if they didn't give in the work would go elsewhere. This tactic emerged in the auto industry after the Chrysler bailout....

In the fall of 1981, Ford told workers at its Sheffield, Alabama, aluminum casting plant that it would close the plant if they did not agree to a 50% cut in wages and benefits. The casting could be done elsewhere. At the same time, Ford asked Local 182 at its Livonia, Michigan, plant for a number of work-rule changes, making explicit the threat to move work away from the plant. Bill Grenham, financial secretary of the local, said: "Management told us there were other manufacturers that want this job. They're looking to get it done for the lowest possible price." At the same time, Ford won concessions from three Detroit-area UAW locals, awarding them work on new projects. In the case of two of the locals, Ford let it be known that it was considering sending the projects to Toyo Kogyo, a Japanese firm that is 25% Ford-owned. The notion of bidding for future work then supplemented the threat of plant closings....

Bidding wars between plants thus became a regular feature of labor relations in the auto industry. As one UAW local official put it: "The threat to close plants also helps these large corporations pressure different plants into a bid war against each other for their jobs. The corporations want to cut labor costs and the workers are giving without receiving any return value." . . .

By 1987 competitive bargaining on a local union basis was widespread. The *Wall Street Journal* noted that "12 of GM's 22 assembly plants now have 'competitive' agreements, in most cases because the local unions agreed to reopen local contracts before their September 1987 expiration." Most of the local contract changes involved reducing job classifications and changing other work rules. By 1987, Chrysler had negotiated "modern operating agreements" at five of its remaining thirty-one plants.

The trend toward competitive local bargaining on the basis of working conditions suggested that even wage bargaining might be put on a plant-by-plant basis. In these cases, the competition is not limited to plants within the same firm, but to those performing similar work in the industry, even where outsourcing is not likely. This has already occurred in meatpacking, where workers performing slaughtering in the higher wage companies are paid less than workers doing other jobs because of the existence of sub-standard plants in the industry. At Firestone Tire, four of the company's eight plants pay wages below the national contract, meaning, as the *Wall Street Journal* pointed out, that "the company really doesn't have a national wage rate." Taking the collapse of pattern bargaining in steel one step further, the 1986 contract at Armco established different wage rates at most of the company's four plants. The Ashland, Kentucky plant accepted a wage freeze, two plants in Kansas City took wage and benefit cuts of \$2.25 an hour, and the Baltimore plant took a \$3.25-an-hour reduction. In all likelihood, the Armco agreement will set a precedent for future bargaining in a number of industries that employ dual or multisourcing of their components or products....

The entire rationale for making concessions has been that they will, in one way or another, save jobs. This rationale has advanced from an argument for a temporary or exceptional modification of bargaining practices and contracts to a basic component of business unionist ideology for many union officials—committed as they are to shifting the union to a nonadversarial relationship with industry. However, few have put it as bluntly as UAW Vice President Don Ephlin, who announced that the role of the union in

this era is to "reverse the rapid decline of America's manufacturing industries and help restore US competitiveness where it counts, in the battle for markets and jobs." In this view, concessions, like protectionism or labor-management cooperation, are just one means to that end.

Top union leaders do not mean by such statements that they plan to save all existing jobs. Since they share the company's concern about being competitive, they accept that rationalizations, new technology and other labor-saving steps will be needed. Nevertheless, when selling a contract to the members who are worried sick about losing their jobs, this more businesslike view of saving *some* jobs by allowing the company to cut labor costs is seldom mentioned. The concessions, they argue, will save jobs. But do they?

By the mid-1980s the record indicated that the answer is no, concessions do not save jobs or plants. A study of twenty-two tire plants that made concessions between 1977 and 1981 showed that all but five of them closed anyway. In 1983, the same year that it received concessions from the USW, US Steel announced plans to close one-third of its remaining steel capacity as well as various finishing and fabricating mills. Chrysler, of course, closed several plants as part of the bailout operation and continued closing plants after returning to profitability....

One reason that concessions don't save jobs is that labor costs are seldom the cause of a corporation's or industry's financial problems. During the 1970s labor costs as a proportion of total costs shrank in the economy as a whole and in manufacturing. On an industry-by-industry basis, the manufacturing industries ... saw labor costs decline or remain stable as a proportion of sales in 1976-80. Wages and benefits rose, but the cost of other industrial inputs rose faster.

Business itself did not see concessions as a means of salvation. One steel industry executive told *Business Week*, "I don't think you can get enough money out of wage cuts in the long run to save the industry." Ernest Savoie, Ford's director of labor relations, was even more specific: "The factors outside collective bargaining far outstrip the gains we can make in wages and benefits. We could cut labor costs in half and still be uncompetitive."

Indeed, labor costs are about 25% to 35% of total costs in most manufacturing industries where concessions have become common. Concessions to this or that firm make little real difference to a large multinational corporation. If concessions are to make a difference they must be generalized so that the entire cost structure of the economy is transformed. This was a goal that the Business Roundtable sought through legislation in the 1970s. In the 1980s, concessions and union cooperation in making other changes that reduce costs in the long run became central to capital's strategy for enhancing the overall competitiveness of the US economy. Ford's Savoie explained that what employers wanted was "a bending of the labor cost trend line." He went on to say that he saw the concessionary contracts of recent years as a "transference from we *vs. they* to us; from adversarial to converging; from rigidity to flexibility; and from partisan to common interest."1

The team concept, or the "transference from we *vs. they* to us," became popular with management in the late 1970s and early 1980s for precisely the same reasons that they began to demand concessions: to involve the union in improving the competitive position of the company, the industry, and the nation in the interests of capital and at the expense of labor. Concessions relieve capital of burdens that it believes undermine its ability to increase profits. But what capital really seeks is an entire change in the rules. When it is able to rid itself of unions completely, it does so. When the union is entrenched, it looks for another way. The "team concept" provides a permanent, institutional change in day-to-day company operations and labor relations.

Concessions seek to tie worker compensation to company performance and to eliminate work rules that stand between the workers and management's will. The team approach bypasses such rules altogether. Its focus is not on wages or benefits per se, but on productivity, the exploitation of the workers' understanding of the production process, and above all the consciousness of the worker.

These sorts of programs go by various names: team concept, employee involvement, labor/management participation team, quality circles, and perhaps most commonly, quality of work life (QWL). Whatever the name, they share the purpose of getting workers to identify with company goals. Depending on the particular scheme, the union is either integrated into this process or marginalized altogether. . . . Obviously, it is more difficult to eliminate union functions where an entrenched union

exists. So most QWL programs set up parallel or alternative structures that involve rank-and-file members, shopfloor union officials, and supervisors as part of the same team or group.

However, QWL programs are ultimately directed at the of the workers. They seek not simply to get union leaders to to integrate the union, but to change how the workers perceive their own position in production and, hence, how they see unionism as well....

QWL programs do this by appealing to genuinely felt needs. Like concessions, they seem to offer a way to protect jobs by helping the employer. But unlike concessions they offer a positive-sounding approach. They are designed to appeal to the worker's need to be treated as an intelligent human being who understands what he or she is doing either individually or as part of a group. QWL programs promise to listen to the workers, to take their suggestions about production methods seriously, to gie them "a say." The workers are encouraged to "participate" in solving -he company's problems....

The point of departure of QWL programs and the team concept is the language of industrial democracy and worker participation, but the goal is something quite different: acceptance by the workers of management's Competitive imperative as a day-to-day guiding principle of behavior. Obviously, workers with that sort of consciousness would not see much point "arbitrary" union standards beyond.the pension and social insurance provided for in the union contract. It is hardly surprising, then, that some of the most aggressive companies, like GM and USX, not to mention nonunion companies like IBM, are among the greatest proponents of QWL programs....

In spite of the disastrous effect of concessions on union bargaining power, the clear intent of QWL programs as a "union substitute," and the complete failure of the "power-sharing" approach to alter real power relations one iota, much of the US labor leadership continues to hold out labor-management cooperation or nonadversarial labor relations as some sort of alternative to the collapse of the old system of collective bargaining based on pattern bargaining supported by governmental regulation. In fact, the popularity of nonadversarial labor relations reflects the conversion of a large number of union leaders to the competitive logic of the business enterprise, a fact that has given rise to the term *enterprise unionism*. *Enterprise* unionism differs from company unionism in that the union involved and administered independently of the employer. Its identity with the goals of the employer is less an ideological preference for norms than an adaptation to the effects of intensified.competition in a global economy. But in the end, it signals the decline of industrial unionism.