

Multi-Employer Collective Bargaining

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THE case for "industry-wide bargaining" is normally upheld by union spokesmen and attacked by representatives of employers. Since most discussion on the subject has been notoriously partisan, the majority of the public has come to think of it, by association, as a union cause and in terms of either all black or all white.

By way of definition, a distinction must be made between two common types of multi-employer bargaining. The first, which is usually featured in arguments about industry-wide bargaining and with which, as a result, that term is often identified, is collective bargaining for an industry on a nation-wide scale. Examples of such agreements are to be found in the rail transport industry in the United States and in Canada. The second type is that in which representatives of employers and unions bargain collectively on behalf of all the plants within one industry in a specified area or region. It is, essentially, a contracted version of the first. Under each plan, one multi-plant employer, several one-plant employers, or various combinations of both may be involved. In this paper, the first type will be referred to as "nation-wide bargaining" and the second as "regional bargaining." The difference—and it is an important difference—derives from a number of considerations which are not apparent in the expression "industry-wide bargaining."

The Nation-Wide Plan

A prerequisite to nation-wide negotiations within an industry is the formation of central bodies to represent unions and employers. Necessarily, the two groups of representatives would be delegated extensive economic power by their respective organizations. Strikes of unprecedented proportion and severity, say employers in criticism of this plan, could be ordered by a small group of

union leaders who might well be out of touch with local union circumstances and sentiment. In return, union leaders counter with references to equally wide-spread and harmful lockouts. It is, in fact, less likely that union leaders would be out of touch with their local unions than would employers' representatives with employers; for it is of the utmost importance at all times that a union leader know the will of his constituents. It does seem that the employer group would be at a disadvantage in such a case, for two principal reasons. Primarily, the employer association that would hold together to the last marginal producer to carry out a proposed nation-wide lockout exists largely in the realm of fancy. Then, assuming that a sufficiently close-knit and co-operative employer association were possible, a nation-wide lockout would meet with considerably less public sympathy than would a strike of similar proportions—especially in the early stages, which might be crucial. Again, ordering a nation-wide strike or lockout would be a matter for thorough, serious consideration. Probable public reaction would have to be weighed carefully by either group, and it would be realized that the first reaction against a lockout would be stronger than against a nation-wide strike. The *threat* of such a strike—a more powerful weapon than the strike itself—would be more effective than the threat of a nation-wide lockout. And this factor carries added weight because discipline within a union organization is stricter than it could be within an employer association. On the margin, it would appear that in nation-wide bargaining the union would have the advantage from the outset.

To facilitate negotiations, the two central bodies could not be of an unwieldy size. It is therefore contended that under such conditions collective bargaining could not be representative. The

process of negotiation would be infinitely complex and beyond the capabilities of the normal mind. The innumerable details and differences involved in the circumstances and desires of local employers and local unions could not be considered individually, with the result that they would have to be ignored or submerged in some average or compromise detrimental to many concerned. True, both parties to the negotiations would be at the same disadvantage, but it would be a case of two negatives making another and greater negative. Against this, it has been suggested that the central bodies would concern themselves only with the broad framework within which bargaining at the local level could account for the local differences, thus eliminating many of the complexities and making nation-wide bargaining practicable. But even in bargaining over general terms there would arise the necessity for averages; and an average cannot also be the least. Some employers and some local unions, particularly in rural or less wealthy urban areas, would still be unable to implement the minimum wages, the working hours, paid holidays and other benefits designed and decreed by higher authority. Again, the combination of remoteness from their constituents and the great power with which they would be invested might lead the central bodies to settle their differences on a political basis rather than in the interests of the members of the groups. In this regard, too, there is the possibility of collusion between the central bodies to exploit the consumer—a situation that has been known to occur.

The Marginal Firm

Throughout all arguments against nation-wide bargaining is found the case of the marginal employer, who is "just getting by" and who would lose if his costs were to rise even slightly. More than anyone else the marginal employer stands to suffer from the process of averaging-out that would take place be-

tween the central bodies. The minimum wages and other conditions specified in a nation-wide collective agreement would be higher than this employer is giving; if they were not, the central union would be serving no useful purpose to the local unions. If any one of these conditions required more than he could afford, it might be sufficient to make further operation unprofitable; most certainly a combination of them would. Cold-blooded "practical" argument against this would have the marginal employer get out of business if he cannot meet the requirements of staying in business as conditions change. But this is unsound: for that marginal employer may be producing well enough to benefit the community in which he is located, earning a sufficient profit to cover current and future costs and to provide the incentive to remain in business without expansion, and providing needed employment in the community. Since increased product prices might well restrict demand and thus raise unit costs of production, the only alternative would be state subsidies to the marginal employer to enable him to meet the increased costs imposed by nation-wide bargaining; and this is only practicable to a limited extent.

In this connection, there arises the proposition that regional wage differentials should not be permitted, that the job is worth the same remuneration regardless of where or by whom it is performed. As long as discussion of this theory continues in terms of *real income* it is sound; but this is rather the exception than the rule. Popular understanding of the principle involved is in terms of *money wages*; it is on the basis of money wages that application of the principle is attempted; and in this respect it is unsound. The elimination of wage differentials is currently taking place without benefit of nation-wide bargaining, as methods of union communication improve. But it is being done irregularly, without planning. Nation-wide collective bargaining would bring into focus as one concentrated movement all the

separate local movements towards the elimination of differentials, and all hope for an equitable arrangement would be lost.

The Local Implications

A further argument often brought against nation-wide bargaining is that through remoteness everyone stands to lose in some respect. It is obvious from the foregoing that the tendency would be, at least in the marginal and near-marginal firms, towards higher prices to offset increased labour costs. The possibility of the marginal employer being forced out of business contains the threat of unemployment as well as loss of product or a higher-cost substitute from another community. The general public, the employer and the employee would all suffer. There might also be losses which would be less tangible, but no less important. For instance, with negotiating handled by distant central bodies, the probability is great that local loyalties would be weakened. Employees would look not to the employer or to the local union, but to the central organization for any possible benefits. They would know that the individual employer would be committed to only such concessions as the central employer body agreed upon with the central union group. Similarly the local union would be tied to the decisions of the central group. All issues of importance to the local parties would have to be settled by or with strict reference to, negotiations "up above." Employer-employee relations would tend to deteriorate because the opportunity and need for getting together to discuss mutual problems with a view to reaching mutually acceptable settlements would be absent, and with them the opportunity to develop mutual understanding. It is highly probable that any existing atmosphere of co-operation would be diluted by impersonality directly attributable to the remoteness of the decision-making power. And both individual employer and local union would tend to lose initiative, since na-

tion-wide bargaining would make impossible independent judgment and action. The progressive employer who operating at a profit, wished to pass on some of the benefit to his employees, would be disinclined to do so, even if permitted by the employer association. He would have little to fear from other firms in the way of competitive moves, and would not likely initiate competition himself. On the other hand the local union would have no incentive to improve its relations with the employer, nor the conditions of employment of its members; for the important items would be the concern of the central body. All these facts would, it seems, contribute to a weakened union, a weak employer association and an unsatisfactory employer-employee relationship. In the last analysis, it would be the general public that would suffer most.

Nation-wide bargaining, then, could not deal in details for fear of creating serious local dislocations through the averaging process it must use. Nor could it formulate the framework for local collective bargaining without a somewhat similar result. There would be a tendency under the nation-wide plan to weaken local loyalties and to introduce an atmosphere of impersonality that would inevitably be detrimental to the working relationship. Nation-wide bargaining would seem to contain few possibilities of net advantage, and to be practical only if it confined its attention entirely to matters of principle.

The Regional Plan

It is quite possible, though, for details of collective bargaining to be more adequately considered by employer-employee groups at the *regional* level. In regional negotiations—the basis of the region being geographical, the labour market or the product market, depending on local circumstances—the probability of cohesion in employer and union groups (especially the former) is greater. The threat of a region-wide strike or lockout would therefore be more effective, if the

necessity for such action arose. Public opinion in the area would likely be better informed about matters pertaining to the whole area, and sympathetic to the more legitimate cause—if any cause resulting in public hardship may be described as legitimate. True, area-wide strikes would be more severe than strikes against individual employers by local unions, but it is safe to assume that the calling of such strikes would be given much greater thought and that they would decline in frequency as the relationship matured. As in nation-wide bargaining, it would be necessary for regional negotiations to be carried on by small, workable groups, but under this plan the representatives would be in direct contact with their constituents and with local circumstances. The complexities, while considerable, would not be overwhelming. The regional averages or compromises, especially if forming a framework for bargaining at the plant level, would be less likely to ignore the individual employer and local union, since differences within a region are normally not as great as those between regions. The possibility of collusion between the parties to exploit the consumer remains—and under any type of bargaining this will depend upon the individual representatives of the two groups—but the proximity of bargaining to the local scene would tend to lessen the possibility of political settlements.

In regional bargaining the marginal employer could receive more consideration. Any average resulting from the negotiations would be closer to the situation in the marginal plant than those resulting from nation-wide bargaining. And it would be reasonable that participants in regional bargaining, having their own interests close at hand and more or less directly affected by any decisions, would strive to consolidate the position of the marginal employer rather than allow it to be undermined. Again, the possibility of systematic, sound handling of the problem of wage differentials is great-

er in regional collective bargaining. Primarily, these differences are not likely to be extreme within the area; and there is a greater possibility of a stable relationship than under nation-wide bargaining. Conditions of stability are more favourable to the growth of an attitude of working co-operation, under which greater progress is possible than in an uncertain balance-of-power relationship. In regional bargaining it would be a relatively simple matter to approximate satisfactorily the equalization of real wages for different performers of jobs essentially the same.

The Positive Advantages

The problem of remoteness, in its effects on the intangibles of the work relationship, would be largely eliminated in regional bargaining. Primary allegiance would be retained within the area. Local unions and employers, as well as the general public, would know that the solution of employer-employee problems would rest with local groups and local individuals. There would be no reference to "higher authority." There would still be some reduction of the opportunity for direct employer-employee contact and understanding, as in nation-wide bargaining, unless plant-level bargaining took place within a regional framework. Likewise, an element of competition might be removed, as in the first plan, but such matters may be counteracted more readily at the regional level by joint action among employers to reduce other costs as the emphasis shifts from competitive labour costs. Impersonality would have less opportunity to corrupt any co-operative atmosphere already in existence or to deter the development of such an atmosphere. For, while bargaining might be removed from the immediate work environs, it would still be sufficiently close that local interest would be maintained. And the possibility of well-known local figures participating in the actual negotiations

is greater in regional bargaining, thus adding further colour to local problems.

Most of the "dangers" of nation-wide bargaining, then, are greatly mitigated in multi-employer bargaining at the regional level—if not entirely absent. But the case for regional collective bargaining is by no means all negative. Groups of highly competitive and poorly organized employers—for example, the U. S. garment industry—may be led to greatly improved methods, products and rewards through multi-employer bargaining. True, the case cited is an unusual one, with the results obtained through a combination of union pressure and union statesmanship. But less extreme situations may be found in which multi-employer bargaining could produce results beneficial to employer, employee and consumer, and in which neither great pressure nor outstanding statesmanship on either side would be necessary to bring about the required relationship. While both employers and local unions relinquish some independence under regional collective bargaining, scattered individual employers gain in their ability to resist the economic pressure that may be brought against them by their unions. This *may* result in a rash of strikes and lockouts in the early stages of the regional relationship. But in time—less time, if adequate statesmanship already existed on both sides, instead of having to develop with the relationship—it would lead to the development of a stable working relationship as each learned to respect the other and the community of their interests.

Contract Administration

In both nation-wide and regional bargaining, there is the necessity of contract administration. To reach agreement on a specific set of provisions at the national or regional level would be wasting time and effort, if interpretation of the contract is left to the whim of every local employer or employee unit. The union already has the necessary

machinery through which this administrative action could be taken, but there is no parallel organization for employers. Administration of a collective agreement reached through multi-employer bargaining would require the establishment of a permanent staff for this purpose, within the employer association. At the national level, this would be a costly and perhaps too powerful organization. At the regional level, contract administration would be a more practicable proposition, although still expensive. In either case, however, there arise non-monetary costs to which greater objection might be made than to actual money outlay.

If collective agreements are to be administered from the national or regional level to ensure uniform interpretation, both the individual employer and the local union must cede some measure of their autonomy to the administrators on either side. The individual employer, for instance, must agree that the administrative body shall be empowered to decide, within certain limits, the labour policy of his plant. He will lose independence in union-management relations. For it must be recognized that the administrative body will probably evolve into a permanent negotiating body, if not originally constituted as such from the first, since "interpretation" of the master agreement will be inseparable from policy-making in many cases. Similarly the local union must adhere to the decisions of the higher-level union body, forfeiting its right to take action with or against the employer at the discretion of the membership. And this raises yet another point. While it is often alleged that union decisions are not reached in a democratic manner, and whether or not this is currently true, democratic procedures would prevail less under nation-wide or regional bargaining. With decision-making authority delegated to a central body, decisions could not be made on a temporary basis pending ratification by the rank-and-

file union membership. The members of the negotiating union group would be required to judge what is best for the rank-and-file. To some extent, this also applies to employers; but it is less likely that among employers, associated for the one purpose of bargaining, there would be the same diversity of opinion that might arise among union members.

Multi-employer bargaining may be initiated by varying circumstances and methods. First, it might come about through strong-union pressure on weak and poorly organized employers, as in the highly competitive United States garment industry to which reference has been made. Or it might result from the desire of employers to seek protection in numbers from powerful unions. Thus, in the San Francisco area, master agreements with unions have been largely due to the insistence of employers, working through associations formed for the purpose. Finally, multi-employer bargaining might be introduced by legislation, through the success of union political pressure, to apply only to speci-

fied industries. This last method would be the most dangerous and least satisfactory, for it would imply state backing for the unions concerned and might precipitate harmful union activity; and, in an atmosphere of compulsion (especially state compulsion), the attitudes of the parties would be anything but cooperative. Differences in the origin of multi-employer bargaining, whether on the national or regional scale, will condition both the atmosphere in which negotiations are conducted and the results which are obtained.

Multi-employer bargaining is the subject of a growing body of research literature issued in the United States. Of particular value is the National Planning Association's new series of reports on "Causes of Industrial Peace under Collective Bargaining" (see p. 37 of this issue of PUBLIC AFFAIRS). The University of California at Berkeley has recently published the following studies: Kerr, *Collective Bargaining on the Pacific Coast*; Kerr and Fisher, *Multiple Employer Bargaining: The San Francisco Experience*; and Kerr and Randall, *Multiple Employer Bargaining in Pacific Coast Pulp and Paper Industry*. Another pioneer study is Braun, *Union-Management Co-operation*, published by the Brookings Institution of Washington.

New Towns in Britain

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ONE of the most interesting features of post-war planning activity in Britain has been the setting up of Corporations, under the New Towns Act of 1946, for the construction of new towns where and when they are deemed necessary in the public interest. In England and Wales the decision to start a new town is taken by the Minister of Town and Country Planning and in Scotland by the Secretary of State for Scotland. In each case the designation of an area for new town development and the creation of a Corporation charged with the duty of building the new town is preceded by a long period of study and research into the need for new devel-

opments in certain areas, into the rival claims of different sites, and finally by a public enquiry into the new town proposal itself, where the pros and cons of the project are thrashed out in public, and, if necessary, alterations made to produce a workable proposition.

Why are these new towns required? Why is it desirable that yet more built-up areas be created in an already densely populated country like Great Britain? Quite a number of new town Corporations have now been set up and among them they illustrate nearly all the reasons for which, in Britain, the need for a particular new town is likely to arise.