Labor Relations: Introduction
What do these questions have in common?

They all relate to…

Terms and Conditions of Employment
A Few Functions of U.S. Labor Relations

✓ Encourage and monitor private voluntary agreements.

✓ Provide a mechanism to control and resolve disputes between parties.

✓ Establish (minimum) standards and processes.
The Big 3 Players in this Game are:

<table>
<thead>
<tr>
<th>Management</th>
<th>Represents the interests of the organization, its board, executives, managers, and shareholders</th>
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<tr>
<td>Labor</td>
<td>Represents the interests of employees and the union, if any, that represents them</td>
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<tr>
<td>Government</td>
<td>Federal, state, and local agencies, processes, policies, regulations, enforcement, to represent the “public interest”</td>
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A Very Brief History of Labor Relations in the U.S.
Dominance of Agriculture

- Colonial employers were eager for workers
  - Shortage of workers on farms and plantations
  - Indentured servants supplemented by slaves
  - 1609: first slaves imported into Virginia
  - 1808: slave trade outlawed

- At same time, there were a growing number of shopkeepers, toolmakers, blacksmiths, etc.

Adapted from Katz & Kochan, 2004
Shortage of Skilled Labor

• In time, Colonial employers complained of “excessive rates” for skilled labor

• Employers and communities tried to lure workers away from each other
  – Massachusetts Bay Colony tried to regulate competition for workers by putting a limit on wages
  – Efforts failed due to a growing demand for labor

Adapted from Katz & Kochan, 2004
1700’s: The Industrial Revolution Comes to U.S.

- Early mills imposed strong discipline and socialization on immigrants

- Rules of the Lawrence Manufacturing Co:
  - “No person can be employed ...whose known habits are or shall be dissolute, indolent, dishonest, intemperate, or who habitually absent themselves from public worship...or who may be addicted to gambling of any kind”

Adapted from Katz & Kochan, 2004
How to organize workers? By trade or industry?
The First Trade Unions

• First groups were skilled craftsmen

• First modern trade union in U.S. was Federal Society of Journeymen Cordwainers (shoemakers) in Philadelphia in 1794

• Later joined by printers, carpenters, and other artisans in New York and large cities

Adapted from Katz & Kochan, 2004
Early Court Reaction to Unions

• No state or constitutional provisions addressed the rights of workers or obligations of employers, so…

• Employment relationships were governed by “common law”

• Initially, most courts were hostile toward collective action

Adapted from Katz & Kochan, 2004
Example - 1806: The “Criminal Conspiracy” Doctrine

• Actions of the shoemakers union led to a precedent-setting trial in Philadelphia in 1806

• Cordwainers refused to work with people not members of their association

• Jury found them guilty of a criminal conspiracy; they impinged upon a worker’s “freedom” to contract with an employer [note similarities to “right to work” legislation today]

• This court ruling dominated until the 1840s

Adapted from Katz & Kochan, 2004
1806 – 1820’s

- Criminal conspiracy doctrine and economic depression after War of 1812 led to disappearance of most early unions

- Workingmen’s political parties were founded circa the 1820s

- Two largest in New York and Philadelphia

- They failed to establish a strong coalition [contrast with other countries with “Labor” parties like the U.K.]

Adapted from Katz & Kochan, 2004
Examples of Early Labor Successes & Failures

• New England textile workers got limits on use of child labor

• Skilled workers got 10-hour day implemented in New York

• National Trade Union created with goal to bring separate unions together
  – Met in 1832 & 1837, then collapsed
  – Similar goal led to formation of AFL-CIO in 20th Century

• Ethnic diversity made organization difficult

Adapted from Katz & Kochan, 2004
1842: The “Means-Ends” Doctrine

- Commonwealth Massachusetts v. Hunt (1842), a landmark case found that Unions were not illegal conspiracies per se

- Test: “Did unions abuse power or violate constitutional rights of the workers?”

- Ruling granted unions a right to exist, but they were now faced with injunctions on actions such as strikes and boycotts [this is still the case in some situations]

- So ruling helped but did not eliminate all barriers to union activity

Adapted from Katz & Kochan, 2004
Management Response: The “Yellow-Dog” Contract

• Employers required a “loyalty oath”

• Oath stated that employee would not join or participate in union activities

• If broke oath, courts could enforce these common law contracts, and employee could be fired

• Also formed the basis for management to seek legal action against organizers for “interfering with a contractual relationship”

Adapted from Katz & Kochan, 2004
1860 – 1910: The Labor Wars

• From 1860 through 1910 there were a series of bitter struggles between workers and their employers

• Some were local, others national

• Coal fields were the most violent (including in PA)

• Worker rebellions following unilateral wage cuts of up to a third

Adapted from Katz & Kochan, 2004
1862: The Molly Maguires

- A secret association of militant Irish miners
- Formed in 1862 to help striking miners resist wage cuts
- Lasted 10 years; infiltrated by a spy (Pinkerton agent) who implicated them in murder; ten were executed
- Other strife found in railroads, steel, meat-packing, and manufacturing
- Workers had militant supporters such as Mother Jones [radical organizer in coal mines, including in Tioga County, PA]

Adapted from Katz & Kochan, 2004
1869: The Knights of Labor

- Emerged as one of the most important early national labor movements in 1869

- Organized labor across craft

- All workers had common interests, regardless of skill or occupation

- Favored harmony & arbitration vs. strikes

- Peaked at 700,000 in 1886, then declined due to policy disputes & Haymarket Affair/Riot

Adapted from Katz & Kochan, 2004
The Haymarket Affair: 1886

- Tensions rose among workers during lockout at McCormick Reaper Works.

- Following skirmish at plant picket line on May 3rd, 1886, Chicago police shot and killed 4 union members.

- On May 4th, someone threw a bomb as police moved in to break up a rally of 4,000 (O’Brien & Benedict put number at @ 200) unionists and their supporters.

- One police officer killed by bomb, 6 more officers died and 60 wounded in subsequent gun battle (apparently most by police bullets); text gives union/bystander casualties as 10 dead, 50 wounded.

- Police rounded up “anarchists” for inciting violence. Eight were convicted, four were hanged, 1 committed suicide. No evidence was presented of their direct involvement in bombing; remainder pardoned by the next governor of Illinois.

Adapted from Katz & Kochan, 2004; O’Brien & Benedict, 2004
1892: The Homestead Strike

- Carnegie Steel and the Amalgamated Assoc. of Ironworkers reached an impasse at Homestead Works, Homestead, PA, in the summer of 1892
- Carnegie demanded steep reduction in wages from previous contract (due to drop in market price for steel)
- Strikers surrounded plant after being locked out by company on June 30th as contract expired to block entry of nonunion strikebreaker workers
- Frick hired strikebreakers and 300 Pinkerton guards who attempted to go through the workers’ blockade from the river around 4 a.m. on July 6th
- Someone fired a shot and the battle was joined with Pinkerton agents eventually surrendering at @ 5 p.m.
- 12 killed on each side [estimates vary]; strike failed after governor sent in the PA militia to break the siege on plant; union and its members ran out of money and voted to re-enter plant; some employees allowed to return, but only as non-union workers; rest were blacklisted

Adapted from Goldner, 2004; Katz & Kochan, 2004
1893: The Pullman Strike

- Led by Eugene Debs, the American Railway Union had 150,000 members in the 1890s
- Depression of 1893: the Pullman Palace Car company cut workers’ wages by 22% without reduction in rents on company housing
- Company fired workers who tried to negotiate wage increases, starting a strike nationwide
- President Cleveland sent troops to enforce court injunction
- Strike was lost, and Debs – known as a leading socialist - went to jail

Adapted from Katz & Kochan, 2004
The Need for National Unions

- As transportation spread across the country, employers could easily transfer work

- Local strikes had little power or effect [fast forward to today and globalization]

- National trade unions were formed, such as the American Railway Workers

- Membership fluctuated with the economic environment

Adapted from Katz & Kochan, 2004
1886: The Rise of the AFL

- The American Federation of Labor (AFL) was founded in 1886
- Led by Samuel Gompers until 1924 [note time period and what is happening elsewhere in the world, especially in Russia]
- Business unionism: Goal to improve wages and working conditions
- A balance between KOL and later IWW
- AFL promoted exclusive jurisdiction
- “Craft”/trade basis

Adapted from Katz & Kochan, 2004
1905: Industrial Workers of the World (aka the “Wobblies”)

- IWW provided workers with radical alternative to AFL

- Favored creation of an independent political party and organizing ALL workers into 1 union, which would eventually be used to overthrow capitalist system

- Prone to violence & favored the overthrow of the U.S. Government

- Leader “Big Bill” Haywood opposed World War I

- Haywood and other activists were tried for sedition, and IWW faded from the public scene

Adapted from Katz & Kochan, 2004
Injunctions and Antitrust Rulings

- Early 1900s: Union actions found in violation of new antitrust legislation

- Sherman Antitrust Act of 1890 declared “every contract, combination, or conspiracy” that restrained trade illegal

- Business monopolies were target of the law, but courts applied Sherman to unions

Adapted from Katz & Kochan, 2004
Evolution of Management in Industrial Relations

- Management had a desire for autonomy from government and a deep seated opposition to unions.
- Executives asserted their rights to treat labor as a commodity and oppose unions.

Adapted from Katz & Kochan, 2004
Welfare Capitalism, Human Relations, and the American Plan

• By 1920, the “human relations movement” or “welfare capitalism” gained popularity

• Theory espoused that satisfied workers would be more productive

• Personnel departments replaced the line foremen in hiring, firing, discipline, and compensation

Adapted from Katz & Kochan, 2004
Management’s Response to Unionism in the 1920s

- Management pushed company-controlled unions; expanded pensions and other benefits
- At the same time, they engaged in suppressive anti-union practices, such as blacklisting and strikebreaking
- Union members fell from 5.8 million in 1921 to fewer than 2 million in 1931

Adapted from Katz & Kochan, 2004
The Rise of Industrial Unionism

• As small shops moved to large-scale production, semiskilled and unskilled workers had little help in organizing

• The AFL’s emphasis on crafts also hurt

• Strike against the steel industry in 1919 failed due to a lack of coordination by the 24 different unions

• Still, the AFL opposed industry organizing

Adapted from Katz & Kochan, 2004
The New Deal Labor Policy

• The Depression caused a new era in federal labor policy

• Many blamed President Hoover’s policies for the economic and social crisis following the stock market crash of 1929

• Franklin D. Roosevelt was elected in 1932; takes office in January 1933

• FDR’s “New Deal” included unemployment insurance, jobs, social security, and the minimum wage

Adapted from Katz & Kochan, 2004
1933: The National Industrial Recovery Act

- Labor unrest was rising with the Great Depression
- The National Industrial Recovery Act (NIRA) of 1933 encouraged organizing
- By 1934, union membership and strike activity increased to levels of post WWI
- In 1935, the Supreme Court ruled that NIRA was unconstitutional

Adapted from Katz & Kochan, 2004

• The NLRA was [and still is] the cornerstone of a new national labor policy

• Also called “Wagner Act” for its chief sponsor, Senator Robert Wagner

• NLRA gave workers the right to organize, set standards for union elections, and specified unfair practices of employers

Adapted from Katz & Kochan, 2004
The Roots of NLRA in American Practice & Experience

• The NLRA embodied many existing principles that fit with American political values

• In fact, railroads, clothing, and other industries had developed functioning relationships years before the depression

• Still, employers objected to the NLRA until the Supreme Court ruled it constitutional in 1937

Adapted from Katz & Kochan, 2004
1935-1938: The CIO Challenge to the AFL

• The debate over craft or industry organizing came to a head starting in 1935

• John Lewis of the United Mine Workers lost a crucial vote to organize the auto and rubber industries

• After expulsion from AFL, Lewis and others formed the more militant rival Congress of Industrial Organizations (CIO)

Adapted from Katz & Kochan, 2004
1937: Republic Steel Plant Massacre

- Memorial Day, 1937
- CIO members trying to organize steel industry and Chicago police (again)
- 4 dead, 84 wounded

Mills, 1994
Post World War II Evolution of New Deal System

- Union membership expanded in the United States from 3.5 million in 1934 to 17 million, or approximately 35% of the non-agricultural labor force, by the mid 1950s

- The 1940s: Institutionalization of Basic Principles
  - The WWII War Labor Board (WLB) promoted wider acceptance of collective bargaining in a effort to maintain production and labor cooperation

Adapted from Katz & Kochan, 2004
The Postwar Strike Wave

• After the WLB disbanded, a surge of strikes overtook the nation

• In 1946, more production time was lost than ever before
  – 2,970,000 workers involved in strikes in the first six months of 1946

• The strike wave, the Republican control of Congress, and a more conservative national attitude led to the amendment of the Labor Management Relations Act (also known as Taft Hartley Act) in 1947

Adapted from Katz & Kochan, 2004
The 1950s: A Return to Hard Bargaining

• By the 1950s, few differences remained in the bargaining agendas of the AFL and CIO
  – They merged in 1955 to become the AFL-CIO

• Collective bargaining spread in the early 1950s to key sectors of the economy including steel, coal, rubber, meat packing, and transportation

• The “scope of bargaining” expanded, including supplementary employment benefits, pensions, severance payments for technological dislocation, and plant closings

Adapted from Katz & Kochan, 2004
The 1960s: Rank and File Unrest

• 1960s marked by strong economic growth and social upheaval

• Civil rights movement, urban riots, and the Vietnam War fed militancy in the workplace - growing demands, contract rejections & wildcat strikes

• The “Space Race” spawned technology and white collar jobs which became the turning point downward for union membership

• The tradeoff between technology vs. human labor accelerated – see the 1952 book “Player Piano” by Kurt Vonnegut; much earlier example is the folk song “John Henry”

Adapted from Katz & Kochan, 2004
The 1970s: Stability and Atrophy

• “The 1970s may be the least distinguished period in the history of collective bargaining”
  – Management preoccupied with holding the line against further union gains
  – Labor sought to preserve previous gains
  – Despite pressures from foreign competition and domestic non-union competition, union wages grew more rapidly than non-union wages

Adapted from Katz & Kochan, 2004
The 1980s: Experimentation and Change

• The election of Ronald Reagan reflected strong conservative shift in U.S.
  – The firing of PATCO strikers solidified the resolve of employers to seize the initiative
  – Recession and the rise of the dollar further reduced competitiveness and led to concessions
  – Union membership declined and unions experimented with concessions and job security

Adapted from Katz & Kochan, 2004
The 1990s: Polarization

- Downsizing and reengineering led to layoffs, insecurity, and income bifurcation
- Security concerns led to low wage hikes
- Some participatory plans, but also conflict in relationships [see Caterpillar for a recent example]
- The nonunion sector continued to grow
- Globalization, outsourcing, contingent workers, and lax labor law enforcement hurt unions

Adapted from Katz & Kochan, 2004