

Variations from Pattern Bargaining : A Closer Look Étude des difficultés d'adaptation aux conventions-clés

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Volume 14, numéro 2, avril 1959

URI : <https://id.erudit.org/iderudit/1022316ar>

DOI : <https://doi.org/10.7202/1022316ar>

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Éditeur(s)

Département des relations industrielles de l'Université Laval

ISSN

0034-379X (imprimé)

1703-8138 (numérique)

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Citer cet article

Alexander, K. O. (1959). Variations from Pattern Bargaining : A Closer Look. *Relations industrielles / Industrial Relations*, 14(2), 211–231. <https://doi.org/10.7202/1022316ar>

Résumé de l'article

L'étude des conventions de travail signées par les représentants de UAW dans la région de Détroit permet de les classer en deux catégories: celles des entreprises situées à l'intérieur de l'industrie de l'automobile et celles des entreprises situées à l'extérieur de cette industrie. Les facteurs qui expliquent l'écart dans les avantages obtenus dans la deuxième catégorie par rapport à la première sont les suivants:

1. La nature de l'industrie et la position de l'entreprise à l'intérieur de cette industrie. L'une et l'autre conditionnent l'importance des demandes.
2. Les fluctuations de l'emploi à l'intérieur de l'entreprise. Elles sont interprétées comme un signe des difficultés économiques de l'entreprise et — dans la perspective d'une grève — rendent plus difficile la réalisation de la solidarité des syndiqués.
3. La qualité de l'effectif syndical. Surtout à cause du peu d'années de séniorité de l'ensemble des travailleurs d'une entreprise donnée, on s'objectera par exemple, à l'introduction de certains bénéfices marginaux déjà obtenus ailleurs.
4. L'affiliation syndicale de l'industrie à laquelle appartient une entreprise servie par UAW et les liens de propriété rattachant cette même entreprise à celles de l'industrie de l'automobile. Dans le premier cas, on craint le précédent créé en adhérant ou n'adhérant pas au meilleur des contrats transigé par UAW. Dans le deuxième cas, on y adhère toutes les fois que ces liens sont étroits.
5. Les dimensions de l'entreprise. La petitesse de l'entreprise, en soi, limite la possibilité de l'introduction de bénéfices marginaux qui alourdisait grandement les coûts fixes de l'entreprise. On préfère exiger des bénéfices étroitement liés aux fluctuations de la bonne fortune de l'entreprise.
6. La teneur des contrats antécédents et l'existence de bénéfices hors-contrat. C'est la force du précédent: tout écart déjà introduit a de fortes chances d'être maintenu.
7. Les années d'existence du syndicat local. Lorsque l'organisation syndicale est récente, on préfère des augmentations de salaire à l'obtention de bénéfices d'autres sortes.

Tous ces facteurs jouent à des degrés différents dans la négociation de chacun des contrats. Et si l'on veut connaître les raisons pour lesquelles des contrats transiges par une même union s'écartent les uns des autres, il est nécessaire de jeter davantage de lumière sur chacun de ces facteurs.

Variations from Pattern Bargaining : A Closer Look

Kenneth O. Alexander

A union encounters forces which are of sufficient strength to override pressures to negotiate comparable settlements. To gain further insight into the nature of these forces and the union's reaction, the author interviewed union officials of the UAW in Detroit and made a study of 140 collective agreements carried on through the UAW in various industries in the same area.

Arthur Ross' publication of his *Trade Union Wage Policy*¹ in 1948 stimulated a lengthy discussion of the relative merits of « political » v. « economic » influences upon collective bargaining.² One aspect of this discussion took the form of empirical investigations into the extent to which unions strictly adhered to a policy of pattern bargaining. In this area, both Seltzer³ and Reynolds⁴ found significant union variation from pattern bargaining.

That is, a union encounters forces which are of sufficient strength to override pressures to negotiate comparable settlements. To gain further insight into the nature of these forces and the union's reaction was the goal of the research which constitutes the basis for this article. During 1953 and 1955 extensive interviews were held with international repre-

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- (1) ROSS, ARTHUR M., *Trade Union Wage Policy*, University of California Press, 1948.
- (2) Among these were Shultz, George P. and Myers, Charles A., « Union Wage Decisions and Employment », *American Economic Review*, June 1950, p. 362; Reder, M.W., « The Theory of Union Wage Policy », *The Review of Economics and Statistics*, February 1952, p. 34; Rees, Albert, « Union Wage Policies », in *Interpreting the Labor Movement*, Industrial Relations Research Association, December 1952.
- (3) SELTZER, GEORGE, « Pattern Bargaining and the United Steelworkers » *The Journal of Political Economy*, August 1951, p. 319.
- (4) REYNOLDS, LLOYD G., *The Structure of Labor Markets*, Harper and Brothers, New York, 1951, esp. pp. 169-176.

sentatives, regional directors, organizers, local officials and staff people of the UAW in Detroit. Here is a large industrial union dealing with firms of various industries, products and sizes in the same area in which it negotiates patterns of nationwide significance in the automobile industry. Differences in the union's bargaining policies in non-auto as opposed to auto firms must be explained by factors other than labor market considerations.

And differences there are. The UAW's role in bargaining with automobile companies undergoes a vast change when the union bargains with other-industry firms in Detroit. In auto bargaining the UAW's position has often taken on aspects of that of a social crusade. Its arguments often have been flavored with ideological considerations and moral propriety. Far from regarding itself as operating within a bounded industry and substantive area, it consistently has gone beyond the bounds of industry and the traditional « wages, hours and working conditions » in its bargaining. It has consistently pointed to « exorbitant » profits and criticized management pricing policies, production scheduling, investment practices, etc. On a broader scale, its attitude toward federal economic policy is recurrently expressed. When the auto industry has been affected by national mobilization and demobilization, the UAW has pressed hard for government measures to ameliorate employment-reducing effects and for federal aid to dislocated workers. For years it has been a major voice in critiques on Social Security benefits, unemployment compensation, Workmen's Compensation, taxation, etc.

It is in these areas that the UAW comes to our attention. But the resulting conception of this union's bargaining policies must be drastically altered to approach reality for its functioning among non-auto firms. To generalize the union's well-known bargaining positions in automobiles over the whole of its jurisdiction would be unfortunate and false. In these other-industry areas it functions in much the same manner as unions whose primary jurisdiction is in more price-competitive areas, often limited and restrained by forces long-recognized as significantly affecting collective bargaining in a capitalistic and competitive economy. In many cases the union's concern for « exorbitant » profits becomes concern for low profits or none at all; the challenge to management rights becomes a necessary assistance to management efficiency; the demand for worker security via pensions and SUB plans becomes unrealistic and not worthy of serious consideration; prices become too

low instead of too high. Social consciousness becomes lost in a world of practicality and perceived limitations. When, because of industry structure, management must function in an environment with pertinent economic data as « given » and not subject to manipulation, so also must the union.

By no means does, or can, the union rigidly adhere to auto patterns in this diverse bargaining. The over-all view of the union is best expressed by the analogy of an international representative:

« You can't go in with a « policy » in these cases. You have to consider each separate plant. It isn't like a bunch of trucks starting from the same place, picking some place to go, and then all getting there at the same time. »

This is not to say that patterns are irrelevant for this bargaining. Rather, they are more realistically viewed as a starting-point, not as an ending-point.

To understand the bargaining pressures encountered by the union in this pattern-setting area, the union's negotiations with 140 varied and non-auto bargaining units served as subjects for interviews, mostly with 27 international representatives. Being « men in the middle » — between the International and the specific unit — they are both fully aware of the International bargaining goals and achievements in autos and intimately involved in the collective bargaining and day-by-day affairs of their assigned plants. They described a varied bargaining experience among these units and the existence of wide wage and fringe differentials.⁵ Some conception of pattern variation in the past among these 140 units can be gained from Table 1.

(5) Primarily concerned with collective bargaining pressures, the study did not presume to make any form of wage or fringe survey, both of which would demand extensive research resources and face significant procedural and definitional problems. The BLS has approached these problems and relevant surveys of various degrees of thoroughness (in terms of both coverage and intensity) can be found in the following: Bambrick, James J. Jr. and Syetta, Phyllis, *What's in UAW-CIO Contracts*, National Industrial Conference Board, Inc., New York, 1952; and the following on the United States Department of Labor, Bureau of Labor Statistics: *Occupational Wage Survey, Detroit, Michigan*, December 1951, pp. 32-41. *Industry Wage Studies*, Nos. 7380, 7381, 7382, 7383, 7384. Bulletin No. 1015, *Wage Structure, Motor Vehicles and Parts*, 1950. Not generally available are surveys done by the Automotive Parts Manufacturers Association on specific fringe items among automotive parts plants. The results are set forth by geographic areas. Also, APMA performs a periodic survey on cents-per-hour cost among parts plants for a lengthy list of fringe provisions.

Valuable information on pension plans over the entire UAW jurisdiction has been compiled by the Social Security Department of the UAW and is set forth

TABLE 1 — EXISTENCE OF ESCALATORS, IMPROVEMENT FACTORS AND PENSIONS

(1) Size of Class (No. of Emp.)	(2) Total Units in Study	(3) No. units lacking at least 1 item	(4) No. units lacking all 3 items
over 1,000	10	0	0
500—1,000	18	9	0
200— 500	21	14	3
100— 200	29	21	10
50— 100	32	27	16
25— 50	15	14	10
0— 25	15	14*	14
Totals	140	99 ¹	53

(*) The remaining firm in the 0 to 25 category was one for which data were not gathered.

(1) If the total of 99 variations, 90 involved the absence of pensions. Rather rare were those instances of a unit's having pensions, but lacking the improvement factor, escalator or both.

Escalators, improvement factors and pensions have existed in auto contracts for years, long enough to allow their «spreading» to non-auto contracts. Yet considerable variation is not only evident but, in the case of smaller units, typical. And this variation does not take place «behind the back» of the UAW International. Rather, the International is fully aware of, and frequently formally recognizes, the existence of extensive pattern variation.⁶

in Stanley, J. Perham, «Pension Plans Negotiated by the UAW-CIO», «Monthly Labor Review», Vol. 77, No. 1, January 1954, p. 13. The statistics therein set forth variations in normal retirement benefits, age requirements, service requirements, disability benefits, disability eligibility requirements and funding arrangements by size of the bargaining unit and by time period.

(6) N.B. STANLEY, *op. cit.*, p. 15: «On July 1, 1953, pension plans had been negotiated in 80 per cent of the companies where the UAW represented more than 5,000 employees, in 40 per cent of those where the union represented between 1,000 and 5,000 employees, but in only about 10 per cent of the companies with fewer than 1,000 hourly rated employees. As a matter of fact, approximately 20 percent of all companies with 100 employees or more which had bargaining relations with the UAW-CIO had pension plans; however, the employees covered by these plans included about three-fourths of the total membership of the United Automobile Workers».

UAW bargaining goals in situations of varying contract length, after the 1950 settlements in the auto industry, appeared in the UAW's monthly newspaper *The United Automobile Worker*, Vol. 14, No. 9, September 1950, p. 5. This article describes a «short-range approach» (no escalator or improvement factor), a «middle-range approach», and a «long-range approach», and goes on to say «The policy of the International Union permits application of one of the three alternatives listed above. This is a choice which Local Unions and Corporation Councils are free to make, based upon the alternative they feel best meets the needs of their members».

But within the context of specific bargaining sessions, what forces does the union perceive as resulting in pattern variation? From the 140 varied bargaining situations, the following generalized factors emerged.

a) The nature of the industry and the economic position of specific firms

Industry and firm considerations were the most frequently mentioned influences upon collective bargaining. In numerous instances international representatives made reference to a firm's financial, competitive, profit or sales position as affecting collective bargaining:

(Firm X) is just coming under new ownership. Now they're going to make these plastic helmets that steelworkers wear. The old management was poor and their sales practices were poor. The owner died and his wife tried to make a go of it but had to sell... We waived increases for two years.

Another case:

Frankly, this company is paying the maximum it can afford and still stays in business. We realize the competition he's got. Actually, he can buy the product from his Southern competitors for a fraction of a cent less than he can make it for. And he's actually done this to fill his orders at times... Patterns don't mean much in these negotiations.

The second quotation begins to go beyond consideration of the unique position of a specific firm to consideration of more general industry characteristics. The union, in fact, was quite explicit in recognizing that any difficulties of a specific firm could be an expression of more general forces of industry structure, could be attributed to specific local circumstances at the plant level, or could be some combination of both.

There is understandable concern on the part of the union with the competition facing one of its organized plants from plants in other areas which are non-union or organized by another union. But in addition, there is a great deal of concern for the competition from UAW-organized plants in other areas. Indeed, such competition, along with the union's ethical judgments of «equal pay for equal work», account for the union's traditional goal of eliminating area wage differentials within its jurisdiction. Standardization of economic contract terms quickly becomes particularly important where a firm with several

UAW-organized plants is engaged in similar activities in different areas.⁷

This concern with competition among UAW-organized plants is not simply a rephrasing of the union's traditional opposition to area wage differentials. Interplant comparisons are of explicit concern to the union *within* the Detroit area. Certainly there exist some advantages in location elsewhere for a firm. But, in many product areas, Detroit has governing advantages by way of proximity to major customers and consequent opportunity for close coordination and adjustment of production schedules of supplier and purchaser. And equality in these respects leaves a narrower area within which wage and contract terms, as variables, can significantly affect a firm's competitive position. Furthermore, within the Detroit area there exists a more rapid and direct communications system within the union, so that contract terms of competing plants may not only be of greater comparative significance but also are brought more quickly and accurately to the union's attention.

A regional co-director:

We've got a firm in our region that makes automotive fibre for floor mats, etc.; and there are also a few over on the East Side. The union has negotiated very high benefits in those other firms and there have been some complaints that the firm we have is taking some of the business away from them. We have a good contract in this firm, but the East Side locals went overboard in their negotiations and we tell them that. You have to watch things like that. There has to be some over-all general consideration given to such problems.

It logically follows that attempts to organize non-union shops in the Detroit area that are in direct competition with UAW-organized plants are particularly intense.

b) Fluctuations in the firm's level of employment

Fluctuations in employment constitute a factor of a different order, at a different level of causality, than those above. The question «Why?», if posed to such fluctuations, would receive answers containing more basic factors, more closely related to the above industry

(7) Realistically, of course, standardization of economic benefits for employees in different plants could as logically result in wider disparity of inter-plant unit costs as in their closer alignment. But where the results of standardization would seriously endanger a plant's continued operation, the union goal of standardization becomes inconsistent with other goals. See the discussion of the union's reactions to management pleas of inability to pay in Alexander, Kenneth O., *A Union Facing Diverse Bargaining Situations: The UAW in Detroit*, unpublished Ph.D. dissertation, Massachusetts Institute of Technology, 1957.

and firm considerations. Employment changes, indeed, may realistically be regarded as symptomatic. But they are included here because of that aspect and not in spite of it. As a means by which other forces are transmitted and focused they deserve treatment for the purpose of more fully understanding the union's bargaining reactions.

In some instances reductions in employment will be regarded as transitory and short-lived, when they occur for inventory-taking, when they are the result of machine-breakdown, fire, etc. But in other cases they can be viewed by the union as incontrovertible evidence of deterioration in a firm's sales position. They become real evidence that any management contention of financial difficulty is based on fact. The result is that the union becomes less insistent in collective and more likely to forego pattern increases.

An international representative, speaking of a firm normally employing around 120 workers:

...Previously they had a two-year contract and we usually got the equivalent of escalator and improvement factor increases in negotiations; except for last year. Employment, went down to 60 workers and sales were off. Business was hit hard and we didn't go in on two wage reopeners.

Even in those cases where falls in employment are not regarded as genuine symptoms of financial difficulty for the firm, the union often finds its effectiveness in collective bargaining diminished, as a result of a characteristic dilution of the union's strike power under circumstances of fluctuating employment. On the one hand, the effects of a strike may be much less severe for the firm, and on the other hand, the union may find it relatively more difficult to muster and maintain strike support.

An international representative, after describing a firm's level of employment as typically irregular in the recent past, largely because of supply interruptions, made these comments:

There's no insurance here. The local union was against it. They pointed out that they don't work steadily and that insurance lapses 30 days after a man has stopped work. I think they were right on the point. They took 5 cents in lieu of insurance, but this company is still behind on benefits. But every time we've wanted to strike the plant they've been near a layoff. The result is that we just don't have any bargaining power... Furthermore, the workers here aren't very articulate. They're off so often that they're satisfied just to be back to work.

The effect of employment fluctuations on collective bargaining, like other factors, is a two-edged sword. True, employment reductions may lead to a greater propensity on the part of the union to make concessions. But consistently high employment or recent increases in employment levels are interpreted by the union as signals of prosperity for the firm. The result is that the union becomes more adamant, more insistent, in collective bargaining.

c) The local's membership

In discussing union collective bargaining policies it would be unrealistic to treat the union as a business organization interpreting environmental forces with a view toward maximizing some objective quantity. The union is a political institution, and it follows that a major force to be considered by its leadership is the viewpoint of the rank and file.

Other studies have explained a union's institutional desire for standard settlements or close adherence to an established pattern.* Furthermore, much recent writing has treated political forces within a union as consistently working to the effect of bolstering this institutional desire for uniformity in contract settlement terms. Essentially through comparative pressures, political forces become a major explanation for pattern-following, to be limited in those instances where economic factors are of sufficient countervailing force, in the manner of the restrictive industry and firm characteristics of part A, above.

With this background, one would expect comparative political pressures from the rank and file to be especially significant for the UAW over its Detroit jurisdiction. Major settlements with the auto companies are close at hand and well-publicized; extensive social interaction of workers from auto and non-auto plants would make for direct and frequent comparison. The union would be expected to experience strong and persistent pressure from its membership in Detroit locals to match the benefits in auto contracts.

(8) Seltzer cites the following as factors explaining union adoption of a uniform wage policy: (a) economic — to minimize competitive disadvantages among employers that may arise from the differential impact of collective bargaining, (b) tactical — to present a united front and prevent whip-sawing by employers, (c) equitable — «equal pay for equal work», (d) political — uniformity prevents the frictions and political pressures which may arise when one group of members makes larger gains than another, (e) administrative — a uniform policy provides standards for negotiators. Seltzer, *op. cit.*, p. 324.

But in only a few instances did union officials describe this sort of pressure from a local's membership. Indeed, instead of speaking of rank and file sentiment as bolstering the union's institutional desire for strict pattern-following, union officials consistently emphasized forces from local memberships as major and compelling reasons for *variations* from a pattern. Furthermore, these responses cannot be explained away by any subtle reasoning to the effect that in these cases « economic » forces on the firm had been translated into « political » forces through fear of unemployment on the part of the local memberships.

In this context, by far the most frequently emphasized point was the attitude of some local memberships toward some standard fringe provisions in auto contracts, especially pensions.

The people there aren't interested in pensions. You couldn't sell it to these guys for hell or high water. Only three of them have 10 years seniority. It's not an old company.

Such membership attitudes extended to other security fringes as well, notably the various types of insurance. The opposition was characteristic of work forces whose long-run time perspective, for some reason, was not tied to the specific firm. Union officials most often cited predominantly young and predominantly female work forces as being characteristically opposed to security fringes.

In smaller work forces, with close contact between the international representative and the membership and relatively greater individual participation in the formulation of collective bargaining demands, members can more effectively voice their opposition to demands suggested by the union. Union officials felt, however, that once an item, especially a pension plan, was negotiated, the membership's evaluation of it increased.

Though there may be no serious objection to a fringe item during the formulation of demands prior to collective bargaining, the union's effectiveness in pressing for the item in negotiation may be severely limited by the absence of real membership support for the demand. To approve a demand is not tantamount to a willingness to strike over it. Union officials often regarded the escalator and the improvement factor, in particular, as items which failed to muster serious support among local memberships.

These obvious rank and file pressures on collective bargaining most directly affect the *form* rather than the *level* of benefits.⁹ Whether

their effect can be considered « pattern variations » depends upon the semantics of the work « pattern ». Variations in benefit *levels* are more significantly affected by what have been termed economic forces on collective bargaining, but any adequate treatment of levels would have to overcome knotty problems of measurement and definition involved with comparative treatment of non-wage contractual items.¹⁰

This is not to say that the nature of the work force is of no significance in a discussion of comparative negotiated benefit levels. Rather, its influence is not so direct as in the case for the *form* of benefits. Union officials sometimes felt strongly that particular local memberships limited their effectiveness in collective bargaining. The limitation extended from lack of « militancy », reluctance to strike, a management orientation, etc. An international representative discussed a firm with low wages and no pensions or improvement factor.

The work force there is very weak. The company is close to and familiar with its employees. The people would take anything from the company. There are never strikes or wildcats. The plant is in Plymouth¹¹. You couldn't get this work force to go out on strike.

The relationship between a work force and management was not the sole characteristic that was regarded by international representatives as resulting in a serious limitation on their effectiveness in certain collective bargaining situations. The nature of the work force in terms of sex, efficiency, color, and general viewpoint was sometimes a significant influence.

- (9) Cf. Rees, « Union Wage Policies », in *Interpreting the Labor Movement*, Industrial Relations Research Association, 1952, pp. 143-144. « Wage policy also includes a large number of questions about the specific form of wages and wage increases... In general, economic restraints will have less effect on most of these decisions than on decisions which affect the total cost of the wage package. An employer is likely to be indifferent or nearly indifferent at between a demand for paid holidays costing two cents an hour, and a direct wage increase of the same amount. The preferences of particular groups of union members will determine many such decisions ».
- (10) A most significant consideration when attempting comparisons of settlement levels, i.e. « package sizes », is that comparisons can be made in terms of either 1. cost to the employer, or 2. benefit to the employee; with substantially different results. That is, what is a « pattern ». Unions and management differ on their definition (the UAW's pension bargaining among auto firms in 1950 is a good illustration). And the cost v. benefit measurement yields some insight into reasons for « pattern » variations (see the discussion under E., Size of the Firm, below).
- (11) Plymouth, Michigan — a small community a few miles from Detroit's northwest limits.

An international representative, in discussing a plant with low wages making doctors' and dentists' equipment that « uses a lot of handicapped and old people, around 55 or 60 » pointed out:

In negotiations the company says that if they're forced to pay higher wages then all the old and handicapped will have to go. There are no similar firms in the area with which to compare rates and the company says it can't be expected to pay auto rates... There have been many strikes. In fact, there's a strike practically every time negotiations come up. But the people always go back to work and don't see the strike out.¹²

The president of an amalgamated local, discussing a work force of all colored females at the « lowest paying plant in the local »:

We're very careful not to press the company out of business. We recognize that there is still discrimination in this town and it's difficult for colored females to get any kind of work except domestic. So we want to be careful and keep the company in business. We keep this in mind in negotiations.

d) Industry affiliation and plant ownership

The influence of industry characteristics upon collective bargaining has been discussed in part A, above. There, industry forces were treated as often constituting a restrictive economic environment, limiting the union's ability to negotiate pattern settlements. But a plant's industry classification can affect the extent of pattern-following in a different way. Here again, the somewhat rough distinction between level of benefits and form of benefits can be helpful. The following applies largely to the latter.

Variations from auto patterns were the rule in those UAW-organized plants that were part of a multi-plant company engaged in another major industry, with most of its plants organized by another union. That is, pattern variations occurred when the UAW bargained with a plant of a steel company that essentially was in the jurisdiction of the United Steelworkers, or with a plant of a large electrical company that had most of its employees organized by the IUE. Under such circumstances, variations from the terms of auto settlements often expected by the union. The variations occurred both when the UAW plant was engaged in activity closely allied to the primary activity of the parent

(12) At this plant insurance benefit were judged at about one-half those found in most UAW-organized plants. Escalator increases were 2 cents when 3 cents was given under the GM-type clause. Pensions had « never been mentioned ».

company and when it was not. However, no instances were found of a UAW plant that was part of such an ownership structure and also engaged in activity closely allied or integrated with automotive or automotive parts manufacturing.

Some insight into these situations can be gained from the following. **An international representative:**

This plant is part of (X Corporation). Most of the corporation is organized by the United Steelworkers and this union sets the pattern for the company. We've been forced to accept the steel pattern on pensions... We recently concluded negotiations here. We applied the recent pattern except for Supplementary Unemployment Benefits... The only reason we were able to make the agreement without SUB — why the International approved the contract — was, first, it's not in the basic auto, aircraft or agricultural implement area and second, because we can't except « the tail to wag the dog » in this situation with the Steelworkers. It's foreign to our basic jurisdiction.

In such cases of multi-plant companies management resistance to the UAW pattern is usually forthcoming for the following reasons: the company's fear of the effect of following the UAW pattern as a precedent to its major bargaining with another union; the danger of being « whip-sawed » among its plants; and the administrative awkwardness of varied fringe provisions among the separate plants of a multi-plant company. The union, on the other hand, not only expects such management opposition but also sees merit in management's considerations and becomes more prone to vary from auto patterns in such cases.

Another facet for consideration is that a multi-plant company with primary activity in autos can lead to pattern *adherence* at a specific plant when it might not otherwise be expected. For example, there were a number of cases of General Motors-owned garages and service establishment not under the master GM agreement but with contracts containing the same benefits as GM's. An examination of the nature of the unit's activity and the provisions in the contracts of similar establishments, without information as to ownership, would lead to grossly divergent predictions as to contract content.

A plant's ownership can be a significant influence in collective bargaining, but the nature of ownership influence upon pattern-following can only be determined when ownership structure is examined in conjunction with industry affiliation and union jurisdiction.

e) Size of the firm

Relatively small firms, in terms of number of employees, made up the bulk of cases that were judged « low paying » by union officials. Table 1 brought out that an absence of one or more of the three fringe items investigated was most common among smaller firms. To some extent these findings are explained by previously-discussed factors having a high incidence among smaller units. The nature of the industry and the specific economic circumstances of the firm more often were limiting factors among smaller units. The union's membership in smaller units finds greater opportunity to voice any opposition to bargaining goals established by the International; they are more directly involved in the formulation of demands. Local memberships more prone to oppose specific fringe items, those whose time perspective in relation to their jobs was relatively short, most frequently occurred among smaller firms.

However, the purpose of this section is to illustrate that size of the firm, *per se*, influences collective bargaining results. Again, this influence is essentially in terms of the form of benefits. The union viewed firm size as a serious limiting factor upon its ability to negotiate specific fringe items. Most emphasis was placed upon the difficulties of negotiating pension plans in small firms.

We've discussed pensions. But there's a funny group of people there. They're about equally divided, one-half old and one-half young, and they're split by age. The old guys are a problem. Nine are ready for pension now, but the cost in this small plant would be around 25 cents an hour. The young guys all say they'll leave some day and get a better job, and I can't blame them for that attitude. It would cost 14 cents an hour for pensions that give only \$1 per month per year of service. It's hard to push something like that.

With high actuarial cost for pensions, their negotiation would require sacrifice of significant alternative bargaining goals, especially among smaller units where economic restraints are often evident. Substantial opposition is forthcoming from non-homogeneous, relatively mobile and vocal small local memberships.

To circumvent such problems of high cost and administrative difficulties for pensions in small plants, the union has established an area pension plan in Detroit.¹³ By 1955 about 12 firms had a pension

(13) Also, firms in the Tool and Die Manufacturers Association, bargaining with the UAW through their Association, have a joint pension plan in the Detroit

plan under this arrangement. Also, in the years following the negotiation of auto pensions in 1949 and 1950, adjustment to the pension issue in the collective bargaining of small firms sometimes took the form of negotiating other benefits « in lieu of » a pension plan. The most common substitute benefit was an insurance program fully paid for by the company.¹⁴ Sometimes direct cents-per-hour was negotiated specifically in lieu of pensions.

But the recent history of collective bargaining among small plants in this regard is an extremely complicated one. Some negotiated specific « in lieu » benefits but others did not. Sometimes the union used pensions only as a general argument in collective bargaining, to be traded or dropped in the general context of the bargaining, and with nothing specifically taken « in lieu ». In other cases union bargainers regarded pensions as out of the question from the beginning and did not even presume to mention them in negotiations.

Table 1 illustrates that escalators and improvement factors were frequently not negotiated in smaller bargaining units. However, size of the unit was not an obstructing influence upon the negotiation of these clauses in the same actuarial and cost that applied for pensions. To a greater extent, explanation for the absence of escalators and improvement factors is found in economic and membership factors which had a high correlation with small size. It was often difficult to muster membership support for such clauses, since they involve no immediate gain and, for the escalator the future effect on earnings is uncertain. Under such circumstances, some international representatives felt that it was more desirable that the union negotiate increases rather than leaving them to automatic adjustment provisions in the contract. Economic limitations on union bargaining gains were not at all uncommon, and such a situation combined with automatic increases would often leave the union in the position of showing the membership very little by way of negotiated benefits.

But the circumstances surrounding the question of the escalator and improvement factor in smaller units cannot be appreciated without

area. The UAW's area pension plan in Toledo is another example of this form of union reaction to the problem of pensions among smaller firms. The Toledo plan is older than the Detroit plan mentioned in the text and has received more public attention. Articles concerning it appeared in the following issues of *Business Week*: October 29, 1949, p. 100; February 4, 1950, p. 88; November 4, 1950, p. 120; February 21, 1953, p. 179.

(14) Auto companies require partial payment by the employee.

realizing that smaller units are typically under a one-year, sometimes a two-year, contract with the union. From the union's point of view, the escalator and improvement factor originated as devices to insure maintenance and improvement of real makes under long-term contracts; and they're still regarded as essential whenever the union signs a long-term contract. To the union, their absence among shorter-term contracts is by no means indicative of variation from patterns or as contradictory to International Union policy.¹⁵ Hence, the inquiry should be directed toward considerations surrounding the predominance of short-term contract among smaller firms.

A primary reason for short-term contracts among smaller firms is the variability of many such firms' economic and market situation over short periods of time. Under such circumstances their managements are reluctant to make long-term commitments on wages. The union, on the other hand, feels it desirable that it maintain a greater degree of « flexibility » in its collective bargaining, allowing it to adjust to such short-run changes.¹⁶

The escalator and improvement factor are sometimes hard to sell to a company. The company may feel it can't afford them. They'd rather take wage negotiations as they come, preferring the opportunity of a periodic review rather than being tied to these clauses for any period of time. For some of these small companies conditions can change rapidly.

The contracts of smaller firms are characteristically much less detailed than those of larger firms, less all-encompassing. They provide for fewer eventualities and contain more general language in many areas. The result is that there is relatively greater freedom for management to vary policy within the terms of the contract and to choose from a greater range of policy alternatives in the event of novel situations arising during the contract period. There is a direct correlation between contract length and the size of the bargaining units.

Generally speaking the union feels that the less-precise nature of smaller-unit contracts makes long-term contracts among those units undesirable. With a greater range of management option, there is

(15) See the second paragraph of footnote 6, p. 214.

(16) This is not to say that such considerations on the part of the union are necessarily directly reflected in collective bargaining. Length of contract is just one item in the context of collective bargaining and, like other items, cannot be extracted and discussed in isolation. Often, short-term contracts came about from management resistance to the escalator and improvement factor (a resistance founded in the above considerations) and consequent union refusal to agree to long-term contracts without these clauses.

greater likelihood that the union will find itself facing undesirable management policies under a long-term commitment with no recourse; policies technically permissible under the contract, perhaps, but unforeseen at the time of negotiations. There is a fear of what might be termed « creeping encroachment » under the contract.

The following is from a regional co-director:

If we don't have the escalator and improvement factor there is either a one-year contract or a provision for reopening... One of the reasons for this is that the employees sometimes think that the company can get away with too much over the years of a long-term contract. The company can install practices that are undesirable and gradually the employees will be in a worse position.

f) Existing contractual and non-contractual benefits

Negotiations can be directly influenced by the nature of existing benefits at a particular unit. In some instances those benefits can seriously detract from the union's effectiveness in negotiating a specific fringe item. For example:

At (X Company) there's a company pension plan based on profits that was in before the Ford plan. Five per cent of profits goes into a fund and the people receive their share according to seniority and earnings. Furthermore, the workers can have their share any time they want to leave the company, so actually it's a combination with severance pay. We're trying to change this to a UAW funded plan now but we're having a tough time. The company has created a Frankenstein here, for the workers don't want to give up their option to take the money out. They don't want to see it go into a fund where they know they have no option. So they won't agree to the changeover unless they get equivalent severance pay as that under the profit plan. That's why it's a Frankenstein.¹⁷

And of course any current settlement will be affected by the terms of settlements reached in prior years. The influence can be in terms of form of benefits, level of benefits, or both. So far as level of benefits is concerned, some firms conceded to above-pattern wage settlements during tight labor market situations. When the union regarded a single firm as having negotiated such above-pattern settlements in the past,

(17) Another comment by this same individual in another interview, concerning this same situation, illustrates the flexibility of collective bargaining in adjusting to diverse situations. It also points up the danger of examining specific elements out of the entire context of collective bargaining. « ...It's a difficult situation. We're thinking of opening the entire contract now so that we can have room to negotiate a trade-off in some other area for this. That's probably what we'll do. »

it generally was more prone to consider making concessions to a current pattern.

Firms went beyond the pattern in prior bargaining by a number of methods, and not always in the context of a tight labor market. A firm may have given cents-per-hour in lieu of a specific fringe provision at one time and later negotiated the fringe with no concession from the pattern in other areas as recognition for the previous « in lieu » settlement. Or, in the specific context of bargaining at some prior date the union may have succeeded in negotiating more liberal financing and benefit details into the pension, vacation, holiday or insurance plan that was negotiated. Sometimes the cents-per-hour taken in lieu of a fringe benefit was undoubtedly more than the cost of that specific fringe. The parties may have made a comparatively slight variation from the pattern in the past which, over time, magnified and became of greater importance in cents-per-hour. For example, in some cases a management shortly after World War II had agreed to a 7½ per cent and 10 percent shift differentials instead of 7½ cents and 10 cents. Over time, the substantial increases in base rates made this a much greater pattern variation measured in cents-per-hour.

All this refers to pattern variation in terms of level of benefits; that is, when pattern variations in one or more contract items cannot be compensated for by variations in an opposite direction for other items.¹⁸ If the variation is restricted to the *form* of benefit, for reasons of size, ownership, membership attitude, or whatever, it is highly likely that such form variations will continue in subsequent negotiations. This would occur whenever a later pattern contained changes for a fringe item which had not been negotiated at a particular firm. Also, the firm could negotiate a previously omitted fringe item rather than some novel fringe item in a current pattern. In 1955, for example, some companies were negotiating pension plans for the first time, rather than SUB.

g) Date of union organization

The length of time a unit had been organized by the UAW affected the union's approach in collective bargaining. This was most noticeable

(18) The cost v. benefit basis for comparison complicates measurement of settlements and the bargaining process, especially when security fringe provisions are involved.

in those cases in which the unit was organized within the last year or two. Among recently-organized units the union tended to emphasize wage increases, as distinct from fringe provisions of the contract.

Such emphasis could well be expected, since almost all newly-organized units were considered by the union as having unsatisfactory wage levels. Realistically, the union's power to negotiate benefits is limited, often by the firm's economic circumstances. Therefore, the union must choose among its bargaining goals. And for recently-organized units the choice was consistently for wage increases. Wages are the traditional concern of a union and permit the most direct and objective inter-firm comparisons of economic benefits. For the membership too, wage changes will be of primary concern in such situations and probably best illustrate the advantage of their recent organization — of no small concern to the union.

When the union did seriously bring fringe items into such negotiations, it followed a policy of emphasizing the older, well-established benefits that were often absent in such cases, especially paid vacations and holidays. But recently organized units typically lacked all of the three fringe items specifically investigated; pensions, the escalator and the improvement factor.

Summary

The functioning and bargaining of the UAW in its diverse jurisdiction among non-auto firms in Detroit is significantly affected by a variety of factors, which can be generalized as follows:

1. *The nature of the industry and the economic position of specific firms*

These were most frequently cited by union personnel as influencing collective bargaining, often with distinction between factors of a general industry nature and factors of local character applying to a specific unit. They were usually restrictive in nature, but in some instances the forces were cited as making for a « permissive » bargaining environment.

2. *Fluctuations in the firm's level of employment*

Employment changes are symptomatic of more basic forces but can be the means of transmitting those forces to the union. Reductions

in employment levels were often viewed by the union as real evidence of a firm's economic difficulty, with a consequent tendency for the union to be less militant, less pressing in its demands. Furthermore, such reductions significantly diminish the union's strike power by making it more difficult to muster and maintain membership strike support and more likely that strike effects will be less severe for the firm.

3. *The local's membership*

Contrary to the tendency to regard political forces within a union as consistently bolstering pattern-following, pressures from local memberships were found to be major and compelling reasons for pattern variations. Usually this took the form of membership opposition to specific fringe items in a pattern. Such opposition was characteristic of memberships whose time perspective in relation to the specific firm was short. But membership pressure to vary from a pattern was not solely in terms of *form* of benefits. Though not so directly, memberships limited the union's ability to negotiate a level of benefits equivalent to a pattern through lack of militancy, reluctance to strike, management orientation, etc.

4. *Industry affiliation and plant ownership*

Pattern variation was the rule in plants of multi-plant companies when most of the company's plants were in the jurisdiction of another major union. In such cases both management and the union are concerned for the precedent-setting aspect of either pattern variation or adherence, the degree of concern of each being closely related to the closeness of the specific plant's activity to automobile and automobile parts manufacturing. A plant's ownership by an auto company, though the plant is not under master agreement, leads to pattern adherence when it would not otherwise be expected. The nature of ownership influence upon pattern-following can only be determined when ownership structure is examined in conjunction with industry affiliation and union jurisdiction.

5. *Size of the firm*

Besides the high correlation of other restrictive bargaining influences with small size, smallness, *per se*, limits the union's ability to negotiate specific fringe items. Actuarial costs of pensions are comparatively

high for small firms. The absence of escalators and improvement factors among smaller firms could be traced to difficulties in mustering work force support for them and the desire of both the union and management to negotiate short-term contracts and preserve bargaining flexibility and adaptability to the economic fortunes of the firm. When any of these clauses were absent units varied widely in the extent to which they negotiated compensatory benefits elsewhere in the contract.

6. *Existing contractual and non-contractual benefits*

Existing non-contractual benefits can seriously impair the union's ability to negotiate specific fringe items. The terms of past contract settlement also directly influence present bargaining, whether a firm will adhere to the pattern or whether and how it will vary from the pattern. In case of a firm having previously exceeded a pattern, the union was usually prone to consider concessions from a present pattern in terms of level of benefits. Any pattern variation in terms of form of benefits in the past makes it highly likely that form variations will continue in subsequent bargaining.

7. *Date of union organization*

Recent union organization resulted in union bargaining emphasis on wage increases, as distinct from fringes.

These generalized forces are of different degrees of intensity in specific situations. Furthermore, some will be in different directions and some will be reinforcing. Like vectors, they have force and distance. An understanding of the bargaining resultant requires an understanding of the above forces, as well as of more general economic and social forces and of more specific, individualistic factors. All of the factors are variable over time. Many vary from one situation to another. In the bargaining process they interact, are interdependent, to form a unique phenomenon.

ETUDE DES DIFFICULTÉS D'ADAPTATION AUX CONVENTIONS-CLES

L'étude des conventions de travail signées par les représentants de UAW dans la région de Détroit permet de les classer en deux catégories: celles des entreprises situées à l'intérieur de l'industrie de l'automobile et celles des entreprises situées à l'extérieur de cette industrie. Les facteurs qui expliquent l'écart dans les avantages obtenus dans la deuxième catégorie par rapport à la première sont les suivants:

1. *La nature de l'industrie et la position de l'entreprise à l'intérieur de cette industrie.* L'une et l'autre conditionnent l'importance des demandes.

2. *Les fluctuations de l'emploi à l'intérieur de l'entreprise.* Elles sont interprétées comme un signe des difficultés économiques de l'entreprise et — dans la perspective d'une grève — rendent plus difficile la réalisation de la solidarité des syndiqués.

3. *La qualité de l'effectif syndical local.* Surtout à cause du peu d'années de séniorité de l'ensemble des travailleurs d'une entreprise donnée, on s'objectera par exemple, à l'introduction de certains bénéfices marginaux déjà obtenus ailleurs.

4. *L'affiliation syndicale de l'industrie à laquelle appartient une entreprise servie par UAW et les liens de propriété rattachant cette même entreprise à celles de l'industrie de l'automobile.* Dans le premier cas, on craint le précédent créé en adhérant ou n'adhérant pas au meilleur des contrats transigé par UAW. Dans le deuxième cas, on y adhère toutes les fois que ces liens sont étroits.

5. *Les dimensions de l'entreprise.* La petitesse de l'entreprise, en soi, limite la possibilité de l'introduction de bénéfices marginaux qui alourdissait grandement les coûts fixes de l'entreprise. On préfère exiger des bénéfices étroitement liés aux fluctuations de la bonne fortune de l'entreprise.

6. *La teneur des contrats antécédents et l'existence de bénéfices hors-contrat.* C'est la force du précédent: tout écart déjà introduit a de fortes chances d'être maintenu.

7. *Les années d'existence du syndicat local.* Lorsque l'organisation syndicale est récente, on préfère des augmentations de salaire à l'obtention de bénéfices d'autres sortes.

Tous ces facteurs jouent à des degrés différents dans la négociation de chacun des contrats. Et si l'on veut connaître les raisons pour lesquelles des contrats transigés par une même union s'écartent les uns des autres, il est nécessaire de jeter davantage de lumière sur chacun de ces facteurs.