Twists and Turns of the High Road: Labor-Management Partnerships and Union Strategy in the United States and Europe

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Abstract

This paper sketches a framework to analyze the link between labor-management partnership and union revitalization, with a special focus on how partnerships can foster or hinder other strategies. Partnerships are likely to be integrated with revitalized union strategies to the degree to which they: include groups of workers who are traditionally excluded from unionized jobs; protect participants and the process of participation through collective bargaining; and promote a set of policies that benefit society as a whole. Evidence from the United States and Europe suggests that this framework can explain a broader range of outcomes than can existing theories.

Since the turmoil of the 1970s, cooperation with firms has developed into a central feature of union strategy throughout the global north. In the wake of a series of political and economic shocks, unions have moved away from a role of simply redistributing a fixed pie and toward one of “adding value” through participation in production. Social partnership or labor-management partnership has taken many forms, including pacts with national governments and employer associations to meet goals for reform set by the EU (Visser 1999; Berger and Compston 2002), agreements with companies for enhanced flexibility (Gray et al. 1999; Rehder 2002), and ongoing local projects to stimulate business, manage industrial development policy, and develop the workforce (Gerlach and Ziegler 2000; WAI 2002). Although many observers assert that strong unions are necessary for successful partnerships (Osterman 1999; Frost 2000), cooperating with management can create serious problems for unions as organizations (Hammer and Stern 1986; Parker and Slaughter 1994).

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Mainstream industrial relations has failed to show how partnerships can avoid this trap of weakening the capacities of unions.[1]

The union revitalization literature also calls for a renewed discussion of labor-management partnerships; neglect of partnerships by those interested in more overtly contentious strategies has been bemoaned by those who call for a comprehensive appraisal of real-world union strategies (Juravich 1998). In the United States and Europe, unions have engaged in partnerships for several reasons. Most commonly, they have engaged with management to *avoid or mitigate mass layoffs* (Klingel and Martin 1988). Unions have also attempted to forge partnerships to *enlarge the bargaining agenda* to include such areas as training, flexible retirement, equitable pay for men and women, and mechanisms for union involvement in work reorganization within the firm (see, for example, Bluestone and Bluestone 1992), and to *work as a lever in political fights relevant to both sides.* Included in this broadening of the agenda has been an attempt to *co-opt the ideological figure flexibility* (Ackers and Payne 1998) and to *counter the decentralization of labor market regulation by establishing new union roles* at the levels to which regulation is being shifted (Traxler 1995). Finally, union officials engage in *willful institution building,* as they consolidate the expanded scope of influence through "joint programs" that are anchored in collective bargaining, responsible for specific issues, and encompass a specific firm or sector (Banks and Metzgar 1989). In both the Europe and the United States, partnership plays a pivotal role in the way that unions have dealt with intensified competition and attempted to coordinate the decentralization of labor regulation. Students of union revitalization have to gain an understanding of both positive and perverse impacts of partnership on strategy.

Partnerships that promote union revitalization have three shared elements. First, they reach out beyond the community of union members and managers together with organizing drives, community coalitions, or political actions. This impacts workers who have not benefited from collective bargaining by providing training and access to desirable jobs and while extending the reach and relevance of collective bargaining and union decision making. Second, they provide an institutionalized place for an independent union voice by creating a structure and funding mechanism anchored in collective bargaining. They protect union members and the participatory process from unilateral acts by management such as plant closings and funding cuts, usually through collective bargaining or statutory bodies. Third, they advance a policy agenda that moves beyond economic performance issue to address social justice. While attending to productivity and quality issues, they also promote improvements in work lives: health and safety, child care, ladders out of dead-end jobs, and, of course, improvements in pay. These three elements point both to how partnerships can reinforce other strategies (on the concept of "integrating" union strategies, see Katz et al. 2000), why unions need to win the cooperation of employers to make certain kinds of gains in a capitalist economy, and what the dangers are of the attempt.

Inclusive or Exclusive?

Critics of labor-management partnerships claim that they amount to acquiescence by unions of market logic inimical to solidarity. Although this is a serious problem in places, the overall evidence is mixed. Unions also integrate partnerships into other strategies to take wages out of competition. For example, many American building trades partnerships combine sector-wide rule enforcement with efforts to organize the nonunion sector (Northrup 1997; Pleasure and Cohen 1997). Many of these efforts require firms to play active roles, because they have much of the needed know-how and funding to reduce nonunion competition or to expand the skilled workforce.

The problem of splitting the working class, however, is very real. First, partnerships sometimes contribute to labor market segmentation, as relatively privileged groups of workers in high value-added sectors pursue goals jointly with employers at the expense of the rest of the working class. Streeck (2001) makes this argument with regard to coalitions between IG Metall and Germany's highly competitive manufacturing firms. Because the German welfare state serves the interests of both sides of the partnership, they have little interest in amending it to deal with unemployment and the growing underclass of people whose wages fall below the threshold. A similar argument could be made about many single-firm partnerships in the United States, where, as solving problems in house has become the order of the day, union and company lobbyists jointly oppose environmental and consumer safety legislation. Gottschalk (1998) has provided the densest example of this in her account of the joint construction of the private welfare state in the United States, in which well-funded jointly managed benefit packages directed labor's attention from the kinds of health care and pension reforms that would benefit nonmembers. Partnerships also aggravate inequality by reducing union opposition to practices that pit organized workers against each other. Parker and Slaughter (1994) provide an example of this in their accounts of supervisor-dominated team meetings that deteriorated into "snitch sessions."

A second possibility is that partnerships are neutral with respect to inequality, so they can serve both egalitarian and divisive agendas. Although examples of joint efforts exist where they reinforce outsider-insider distinctions, just as many others provide universally distributed goods. The Spanish social pacts of the late 1990s, for example, provided new training resources and protections for an enormous segment of the labor force—temporary workers.

Likewise, the increasingly common local-sectoral partnerships in the United States have leveraged federal funds to build career ladders to former welfare recipients and facilitated efforts to organize the nonunion sector (Rubinstein 2001). Other examples include the TUC's participation in tripartite efforts to set a minimum wage in Britain and Verdi and IG Metall's attempts to implement comparable worth in collective bargaining.

Joint labor-management efforts tend to contribute to the problem of labor market insiders and outsiders, but the shape of the partnership usually reflects deeper splits within the working class. Thus, IG Metall's lack of leadership in labor market reform comes not from its comfortable insider relations with Gesamtmetall, but from a lack of experience participating in national-level public policy. The resulting strategy is heavy on collective bargaining and light on high-level consultations, resulting in an agenda limited in its scope, at least compared to Sweden (Locke and Thelen 1995). With regard to the United States, this objection also applies, because organizing resources plummeted in the 1950s, long before the fixation on flexibility and the waves of partnerships; these were also the formative years for the joint health care and pension funds. Indeed, throughout the twentieth century, racism and exclusion of outsiders from unions was an integral part of both militant business unionism and strategies of employers to weaken solidarity (Linder 1999). In both of these instances, unions may have pursued some egalitarian policies and extended the benefits of having a union to a broader group, but such policies were burdened by past mistakes or lingering patterns of action. Partnership, like other strategies, plays out on a terrain characterized by inequality, which determines a finite range of options.

Independent or Company Dominated?

Likewise, the union's independence vis à vis management generates criticism; especially in a single-firm arrangement, partnerships sometimes increase the possibilities for firms to influence unions. It is not difficult to find cases in single-firm partnerships in the United States where employers have interfered with local union politics. Ford, for example, attempted to convince the workers at one plant to vote against a leftist candidate by threatening to eliminate jobs in the event of his election (Lynd and Lynd 2000). This appears to be less of a problem in sectoral partnerships, where partnership is structured as a jointly governed nonprofit corporation and the employer lacks a single power center that can undermine participation. In either case, unions and employers jointly set up a framework that influences how able the union will be to implement an agenda through partnership that it can call its own.

It may be, however, that any wearing down of the labor movement's "independent" leverage in the course of a partnership merely reflects preexisting relations of interdependence. Any union that engages in collective bargaining has an interest in continued employment of their members in capitalist firms that can afford to pay reasonably high wages. Mahnkopf and Altvater (1995), for example, argue that European integration is eroding national regimes that allowed unions to act more autonomously. More mainstream writers in the United States argue that major partnerships have failed because the unions did not have enough leverage in the first place (Osterman 1999). There is an unanswerable causal question here: is partnership a strategy in the context of interdependence, or is it a way that unions increase their interdependence with employers?

More interesting, how do unions and managers devise ways to manage alternating moments of interdependence and independence? Although German works councilors must “change hats,” working both for the company and for the union, this role conflict does not cause problems (Turner 1991). In the United States and the United Kingdom, contradictory roles are more destructive, causing “yo-yo” patterns of cooperation and economic warfare that destroy companies and local unions (Hammer and Stern 1986), creating splits between unionists interested in partnership and those interested in building a social movement. This is probably because German law requires works councils in most situations, whereas American law does little to protect local unions and joint labor-management committees. As I argue elsewhere, participation by U.S. unions lacks statutory protections; over time some unions have created their own supports (Greer 2002). They negotiate at multiple levels of collective bargaining “joint programs,” or a structure of rules and funding mechanisms to sustain the partnership and to ensure that it plays into other strategies, most notably, that of organizing. Needless to say, most American unions do not have the bargaining power to implement such designs, which creates a disastrous dependence on the firm.

Social Justice or Joint Rent Seeking?

Finally, the issue of “joint rent seeking” (Streeck 1995) cannot be avoided in light of the recent Zwickel scandal in Germany. Outright corruption at high levels is part of this problem: in the midst of a hostile takeover launched by Vodafone against the German Mannesmann Corporation, IG Metall chairman Klaus Zwickel accepted a huge cash payments, as is common for departing managers and board members. Meanwhile, hundreds of employees with lesser status lost their jobs. Mannesmann was a fully codetermined company, and Zwickel could have blocked such giveaways or ensured a more equitable distribution of the funds among former employees. Instead, he abstained, in effect handing the representatives of capital on the board his approval. A similar problem was raised in John Commons’s (1904) observations on a partnership between the building trades unions of New York and the Fuller Company, in which union delegates were remunerated handsomely for keeping industrial strife out of the firm's sites. The arrangement unraveled after the largest carpenters' local went on a general strike, and the company recruited the members of a smaller rival carpenters' union to keep its sites staffed. Eventually, this episode deteriorated into a massive antiunion drive by the city's building contractors.

It may be that partnerships are less likely to enrich individual union leaders than to influence public policy in particularistic ways that enrich the firms and enhance the bargaining position of the union. The danger is that benefits accrue to union members alongside their corporate partners as the union incurs antagonism from the broader world of social movements. Examples in the United States include the alleged willingness of unions in partnership with Kaiser Permanente to block patients' rights legislation (Cooper 2002), the willingness of New York's health care workers' union to support a Republican governor who has weakened most public services because of his commitment of public funding to postpone a crisis of nonprofit health care providers (Vogel 2002), and the willingness of UAW officials deeply involved in developing products at the domestic auto manufacturers to resist restrictions on gas-guzzling vehicles with the argument that it would place American manufacturers at a disadvantage.

Other examples exist, however, of labor-management partnerships with socially beneficial outcomes. In addition to facilitating organizing and reducing wage competition, joint committees take on issues of workplace ergonomics, health and safety, pollution reduction, workplace diversity, mentoring, outsourcing, and a myriad of other topics. Critics of partnership have yet to counter arguments such as those raised by Melman (2001), who contends that union strategies to democratize the workplace have an inherent value. They also have yet to explain how unions can improve the features of workplaces listed above without some cooperation from employers.

Implications for Research and Union Practice

In a capitalist economy, unions have to recognize employers in some ways—the fluctuating roles of union members, the shifting issue areas subject to joint determination, and changes in the union's leverage in overriding managerial intransigence enter the spotlight in studies of labor-management partnership. On the one hand, partnerships are necessary to obtain management's acquiescence to rescue an increasingly wide range of issue areas from unilateral managerial decision-making. On the other hand, partnerships open unions up to familiar problems of joint rent seeking with employers, excessive dependence on firm strategies, and narrowness of vision. Their ability to cope with these challenges appears to vary cross-nationally according to the supports provided by public policy and cross-sectorally according to union bargaining strength.

Partnerships do not rule out contention. Italian and Spanish unions have used general strikes to combat exclusion from policy making and to buttress joint policy making (Hamann and Lucio 2001; Baccaro et al. 2002); German unions have struck in the course of sectoral pattern bargaining to split the employers' camp and preserve the dual system of works councils and collective bargaining (Thelen 2000; Turner 1998); U.S. unions have used strikes, corporate campaigns, and other elements of hard bargaining to convince employers of the virtues of participation (Mills 2001). Arguments, such as Kelly's (1998), that cooperative and militant modes of unionism are mutually incompatible, or Moody's (1997), that partnerships are part of "global business unionism" that merely settles wages, are insensitive to the wide range of partnership experiences. It may be that within some labor movements communities in favor of cooperation and those in favor of conflict lack contact because of "ideological" differences (see Juravich 1998 and Heery 2002). This sociological observation differs from the logical position that the contradiction between cooperation and conflict makes partnerships destructive to legitimate trade unionism.

Anglo-Saxon industrial relations theory needs a theory that sees beyond the pluralist view of a workplace containing two forces—labor and capital—operating in a constant, administratively mediated, tension. The exchange between Godard and Delaney (2000) and Kochan (2000) demonstrated an acceptance of this view of workplace politics by both radical and mainstream writers. This consensus, however, has conservative implications, as critical legal studies showed in the early 1980s (Klare 1981; Stone 1981). By channeling class struggle into the narrow confines of an "industrial relations system," set by labor law, these authors showed how law perpetuated the fiction that unions are independent, while reinforcing a dependence on, and a fundamental inability to challenge, capital. The resulting institutional framework fixed broad managerial prerogatives and limits union abilities to influence workplace change, patterns of investment, and sectoral governance. Labor-management partnerships can reconfigure collective bargaining to reshape these limitations in a way that other union strategies cannot. But, in order to do so, the partners need a secure institutional space for participation.

Acknowledgments

This paper benefited from an earlier collaboration with Michael Fichter and from excellent comments of and conversations with Virginia Doellgast, Marco Hauptmeier, Miguel Martinez Lucio, Bruce Nissen, Harry Katz, Lowell Turner, and many others. The mistakes are my own fault.

Note

1. The core concept, partnership, denotes a formalized and potentially broad form of "integrative" bargaining over issues that benefit both firms and unionized workers. It occurs alongside "distributive" bargaining, over how the product is distributed, which is supposedly more contentious (Walton and McKersie 1965). The central hunch is that these two forms of collective bargaining are closely related, and both depend on robust union capacities to mobilize the membership and operate as a legitimate movement of workers.

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