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Employment and Unemployment Statistics in Collective Bargaining: Discussion

Abstract

[Excerpt] This writer can't see the potential in the establishment survey data that Mills sees—at least, not for collective bargaining purposes. First, the sample can never be made large enough, except at prohibitive cost, to include a sufficient cross-section of unionized firms. Granted, union and management representatives have some interest in what is happening in nonunion firms; but this writer would guess their principal interest is in what is happening in comparable unionized relationships. Second, the establishment survey is a good source of information on average hourly earnings and the like, but it is hard to believe it provides information on wage rates and scales. Union and management officials are probably more interested in negotiated wage rates than in actual earnings data. Third, as far as this writer knows, the Establishment Survey provides absolutely no information on the multitude of other matters that typically concern the parties: vacation and holiday schedules, leave provisions, seniority and job security measures, etc. These are additional reasons why this writer believes expansion of the BLS collective bargaining contract series would have a bigger payoff to the parties and to researchers than the measures Professor Mills recommends.

Keywords

collective bargaining, employment, unemployment, statistics

Disciplines

Collective Bargaining | Labor Relations

Comments

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The first objective of Quinn Mills' paper, "Employment and Unemployment Statistics in Collective Bargaining," was to discover whether and to what extent union and management officials use employment and unemployment statistics in their negotiations. On the basis of his interviews with 20 union and 70 company representatives, Professor Mills concludes that ordinarily employment statistics are *not* used by the parties in collective bargaining. This reflects the belief of the parties (and of others) that employment and unemployment statistics—and the underlying labor markets conditions that are reflected in such statistics—have very little bearing on the outcomes of the bargaining process. The parties may refer to employment statistics, but only as a means of providing a "backdrop" for actual bargaining.

This writer finds none of this surprising. There have been many studies of the criteria or standards used by the parties in negotiations, and these studies all point in the same direction. Levels of or changes in employment and unemployment—and more generally the state of the labor market—are not important criteria in collective negotiations. Rather the parties rely upon such criteria as (1) comparative wage and money settlements, (2) the employer's ability to pay, (3) the cost of living, (4) concepts to the appropriate standard of living, and (5) productivity changes to provide guidelines for their decisionmaking in negotiations. Most textbooks (including Mills') discuss the way these criteria are used by the parties in bargaining.

Professor Mills asks, "Why are labor force data so little utilized in collective bargaining?" He offers three reasons: (1) such data are not available on a disaggregated basis, (2) the data are not "rich" enough, and (3) the data are not trusted by the parties. But these reasons miss the point. As long as the parties rely on criteria other than employment and unemployment to reach contract settlements, then no matter how disaggregated, rich, or trustworthy

the data, the parties simply won't use them. In other words, the parties eschew the use of labor force statistics not because of technical data problems but because they attach much greater weight to other, different factors. This author finds it difficult to believe that the marginal changes in data collection and dissemination that Mills recommends can have any substantial impact on the parties' behavior in bargaining; accordingly such changes would not serve the purposes for which the commission was established.

This writer would not object to Professor Mills' suggestions: everyone favors better, richer, more trustworthy data. But in a world of scarce resources, choices must be made on a stricter cost/benefit basis. This writer would rather see the money and time that Mills thinks should be devoted to implementing his recommendations be spent on improving our wage, cost of living, and productivity data. This writer wagers that most unions and employers would agree.

For example, currently the BLS collects and publishes quarterly data on wage settlements and other negotiated contract provisions only for workers covered by "major" collective bargaining agreements (agreements covering 1,000 or more workers). Quarterly data on negotiated changes in total compensation (wages and fringes) are published only for units with 5,000 or more workers. There are about 180,000 contracts in effect right now, but only 1,500 or so cover units with 1,000 or more workers. It is true that workers under major contracts constitute about 50 percent of the unionized workforce. But obviously knowledge of the trend of settlements in large units doesn't tell us much about what is going on in literally thousands of smaller collective bargaining relationships. This writer would rather see the BLS extend its quarterly series on agreements to units with 100 or 200 workers than to follow any of Mills' suggestions. As a by-product we would also have additional information on the distribution of bargaining units by number of workers covered and—as time went on—data on changes in the number of workers covered by specific collective agreements. This is the kind of employment information employers and unions (and researchers) might find most useful.

This writer can't see the potential in the establishment survey data that Mills sees—at least, not for collective bargaining purposes. First, the sample can never be made large enough, except at prohibitive cost, to include a sufficient cross-section of unionized firms. Granted, union and management representatives have some interest in what is happening in nonunion firms; but this writer would guess their principal interest is in what is happening in comparable *unionized* relationships. Second, the establishment survey is a good source of information on average hourly earnings and the like, but it is hard to believe it provides information on wage rates and scales. Union and management officials are probably more interested in negotiated wage rates than in actual earnings data. Third, as far as this writer knows, the Establishment Survey provides absolutely no information on the multitude of other matters that typically concern the parties: vacation and holiday schedules, leave provisions, seniority and job security measures, etc. These are additional reasons why this writer believes expansion of the BLS collective bargaining contract series would have a bigger payoff to the parties and to researchers than the measures Professor Mills recommends.

He estimates the cost of his recommendation to be \$450,000. This writer really has no idea how much it would cost to implement the recommendation cited here; it might be considerably more costly. On the other hand, since the system for collecting and coding contracts is already in place, extending the series to smaller units might not be very costly at all. Moreover, since collective bargaining contracts are public information, there is no problem of confidentiality. As an extension of this recommendation, employers and

unions could be allowed to obtain computer printouts giving coded contract information for any agreement or set of agreements included in the BLS contract series. The cost of providing such disaggregated information can be paid by the parties. Finally, to reiterate, extension of the BLS contract series would provide useful employment information which would be keyed to the number of workers covered by a collective bargaining agreement at the time it is signed.

Additional thoughts are triggered by Professor Mills' paper. For example, there is the paradox that employment measures do not seem to be important influences on the parties' behavior in bargaining but do seem to be important determinants of wages in the Phillips curve literature. It's not certain how this paradox can be resolved. If economic theory is correct, then employment measures should be important in collective negotiations. But apparently they are not. This writer can't help feeling that the state of the labor market does in fact have a significant influence on bargaining outcomes. But this influence doesn't manifest itself in the form of reliance by the parties on labor force data in negotiations.