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Levinson: Determining Forces in Collective Wage Bargaining

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BOOK REVIEW

Determining Forces in Collective Wage Bargaining. By Harold M. Levinson. New York: John Wiley & Sons, Inc., 1966. Pp. ix, 283.

Professor Levinson prefaces *Determining Forces in Collective Wage Bargaining* with the observation that the problem of systematically explaining the process of wage determination, despite considerable theoretical and empirical analysis, has "remained largely an intractable one."[1] His book represents an attempt to overcome this analytical deadlock by amassing new wage, fringe, and bargaining data for six industries located on the west coast.

An evaluation of the success of this study in answering the question implicit in its title will depend, in part, upon the predilection of the reader toward an economic or a noneconomic view of collective bargaining. At the outset, let me admit that my bias, and thus the source of most of my criticisms, is toward the former interpretation. The book is not so dominated by the author's analysis, however, that the reader cannot independently assess the facts.

The study consists of three distinct parts: (1) a brief survey of several contemporary appraisals of the forces influencing collective bargaining; (2) case studies of collective bargaining in six west coast industries; and (3) an analysis of the factors influencing collective bargaining.

The six industries studied include three in manufacturing—airframe, lumber, and pulp and paper—and three in nonmanufacturing—longshore, offshore maritime, and over-the-road trucking. Working with a variety of information obtained during fifteen months of field work, including interviews with employers and union representatives, materials from their files, and discussions with informed observers, Professor Levinson has assembled a detailed documentary of collective bargaining in these industries.

The point of departure chosen by the author is that the outcome of collective bargaining is influenced by three variables—economic, political, and "pure power." The economic variables employed are the standard ones, such as profit rates, employment, and output. The political variables are defined as the pressures placed upon union leaders to negotiate settlements similar enough to those obtained by competing unions to preserve its organizational strength and the prestige of its leadership. "Pure power" variables are described as those factors which "affect the strength and stability of the bargaining institutions themselves . . . ."[2] These include "primarily those that affect the union's ability to undertake, and the employer's ability to resist, strike action."[3]

As an analytical methodology, without judging the relative weights to be assigned to the variables, I find little conceptual difficulty with the first two types of influences. Playing the economist's advocate, however, I would contend that the "pure power" variable contains a significant economic com-

1 P. vii.

2 P. 18.

3 Ibid.

ponent, and that to label this as a third influence is to create a self-serving construction with analytical implications, which may conceal significant underlying causal forces in the wage-determining process.[4] I would suggest, therefore, that the reader view references to "power" influences as being derived, in large part, from economic factors such as the following: the size of strike funds (which are in turn determined by the previous strike activity of the union and the employment experience of the union membership); earnings retained by the employer; the state of the labor market; inventory levels; savings of union members; the ability of the employer to retain markets during a strike; and the possibility of maintaining production with supervisory personnel or new employees. After allowing for the influence of these factors, one might well wonder if much is added by an explanation of the highly qualitative summary variables such as "employer cohesiveness" or "willingness of the union membership to strike" upon which much emphasis is placed in the descriptive material.

The six industry studies represent the major contribution of the book. The pre-1945 collective-bargaining history of each is briefly summarized. For the period 1945 to 1962, there are detailed descriptions of the economic environment, the interunion jurisdictional or representational rivalries, the personalites of the negotiators who participated in the collective bargaining, and the outcomes of these negotiations. The approach is painstaking, and the material is systematically developed. The detail occasionally becomes confusing in its abundance, but frequent summarizations are provided for the reader experiencing difficulty in organizing the data.

The industry studies do, however, share one common weakness. The author, in developing materials relating to qualitative factors in bargaining, such as cohesiveness or union rivalry, arrives at conclusions which often seem too facile. For example, in contrasting the pattern of wage settlements negotiated by the UAW at North American Aviation and those negotiated by the IAM at Lockheed Aircraft, during a period when the two unions were coordinating their bargaining strategies, the author indicates that a cost-of-living escalator clause in the UAW contract provided fifteen cents more in wages than the IAM agreement from 1956 to 1958. Not until 1958 did the IAM negotiate a cost-of-living adjustment. In Douglas Aircraft, however, where both unions were represented, the IAM contract was voluntarily reopened in late 1956 to include the cost-of-living escalator. The author concludes that this pattern of wages among these companies was dictated by political considerations. In the Douglas case, "coercive comparisons" between the UAW and the IAM led to the voluntary reopener, while the cooperative relationship between the IAM and the UAW reduced the "rivalry pressures" on the IAM and permitted the fifteen-cent cost-of-living disadvantage to persist at Lockheed.[5]

Such a statement raises many unanswered questions. Can the fifteen-cent differential be explained by the cooperation? Is the differential per se evidence

[4] Professor Levinson recognizes these economic components when describing his "pure power" variable, but proceeds to treat "power" as a force which is sufficiently separable from economic forces. Pp. 8-9, 18.

[5] Pp. 62-63.

that the "pressures" were not as severe as they might have been? What is implied about the sources of such pressures which permit them to be relieved by cooperation among union leaders? Is "rivalry" caused by leaders' personalities or by membership pressures arising from unfavorable wage comparisons? Why did interunion cooperation not relieve such pressures at Douglas?

In another case, when analyzing the "strength and stability" of the Pacific Coast Association of Pulp and Paper Manufacturers, an industry bargaining organization, Professor Levinson attributes these characteristics to the size composition of the Association, the leadership position of one company (Crown Zellerbach), and a series of Association "resolutions" which "provide protection against individual companies gradually undermining the contracts."[6] While these factors admittedly describe the Association, they do not indicate the nature of the sanctions which bind the Association together. Indeed, I suspect that size composition, leadership, and formal rules would be impotent factors if there were not a compelling community of interest among the employers, a fear of economic reprisal against withdrawal, and a sufficient security of markets from outside competition which made the resolutions self-enforcing. Many of these factors are implicit in the discussion but, I believe, deserve to be made more explicit.

These criticisms should not detract from the value of the information presented, but are intended to provide only a note of caution to the reader. Special commendation, for example, should be given to chapter 3, dealing with the pacific coast lumber and pulp and paper industries, and chapter 4, on longshore and offshore maritime. The history of the relationship among wage patterns in industries closely related by labor and product markets or by input-output connections, and the interplay of the wage-determining forces in these industries, are eloquently detailed. It provides an interesting picture of the manner in which established wage patterns may begin to diverge and then reassemble into new wage patterns. To a student of wage behavior, such periods of transition and change are often more illuminating than periods of stability. For me, these were the most interesting and rewarding sections.

The concluding chapter purports to evaluate the descriptive materials presented earlier in order to determine the relative importance of the three types of wage-determining forces mentioned above. The evaluation is disappointing. I thoroughly agree with Professor Levinson's concluding observation that the impression which emerges from his study is of "the extraordinarily complex nature of those factors which determine the outcome of any major collective bargaining negotiation, a complexity that presents formidable conceptual and empirical problems that will have to be dealt with before a more complete theory of wage determination under collective bargaining can be developed."[7] However, I remain skeptical that, for purposes of explaining and, more importantly, predicting wage behavior, Professor Levinson's approach is more effective than one which relies exclusively upon quantifiable economic variables.

Lest I leave the impression that I regard all wage setting as being immune to noneconomic forces, let me cite an example from the James' study

[6] P. 93.
[7] P. 276.

of the Teamsters which clearly establishes, to my satisfaction, that a noneconomic factor can be important in determining wage rates, at least in a particular negotiation and at a particular point in time:

> Once, after Hoffa had "bargained" and announced triple pay for five holidays, I chided him, "Why not six?" The next morning at breakfast he told his top aides that, "Ralph thinks I should have made it six holidays and thinks I can't change." They chuckled. Two hours later, after twenty minutes of "bargaining" with surprised employers, he demonstrated how easy it is to change the number "five" to "six."[8]

It is difficult to assert, however, that noneconomic forces can continuously and systematically be used to exploit the collective-bargaining process in favor of one party. As the period of time and the level of aggregation at which wages are studied are increased, it appears that, for many industries, economic forces begin to dominate the explanation of wage behavior.[9] It is this distinction between the short run and the long run which the author fails to make clear.

I concur, in general, with Professor Levinson's conclusions regarding economic influences, including those contained in the "pure power" factor. I must remain, however, somewhat unmoved by his generalizations which stress the importance of the influences of noneconomic factors such as motivation, prestige, and political pressure upon the wage-determining process, especially in the long run.

In dealing with the economic determinants of wages, Professor Levinson finds that the influence of the labor-market variables is inconclusive. This judgment, however, is based on total employment changes and omits such factors as labor-market unemployment rates and changes in labor turnover which may be significant. Product-market influences, on the other hand, are found to be significant. Professor Levinson stresses that barriers to the entry of new firms into an industry will have a positive effect upon the ability of the union to maintain organizational strength among the strategic producers in the industry and will therefore have an impact upon collective bargaining. This theory of the relationship between union organizational strength and industrial concentration is quite interesting and deserves further exploration.[10]

While the argument about the relative importance of various wage-determining forces still remains unresolved by this book, Professor Levinson has provided provocative material for further study.

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[8] James & James, Hoffa and the Teamsters: A Study of Union Power 26 (1965).

[9] See Eckstein & Wilson, The Determination of Money Wages in American Industry, 76 Q.J. Econ. 379 (1962). Institutional hypotheses are included in their analysis, but economic factors are important determinants of the institutional hypotheses.

[10] See also Levinson, Unionism, Concentration, and Wage Changes: Toward a Unified Theory, 20 Ind. & Lab. Rel. Rev. 198 (1967).