

Working in America: A Blueprint for the New Labor Market

Paul Osterman, Thomas A. Kochan, Richard M. Locke, and Michael J. Piore. Cambridge, MA: MIT Press, 2001. viii + 229 pp.

reviewed by Louis J. Kern

This volume is the result of a collaborative project by an interdisciplinary group of MIT faculty drawn from the fields of management, economics, urban studies, and political science, that sought to address the problems of the job market and the institutional failure of labor organization in a post-industrial economy. The inquiry, extending over nearly three years and funded by the Ford Foundation and the Rockefeller Foundation, involved a wide range of participants drawn from academia, government, business, labor, and community groups. Of the core group, or Task Force (25 members) that shaped discussion by the wider group of participants (110 individuals), ten were academics and three represented old-line industrial unions—the AFL-CIO. Half of the core group was thus academic or traditional union. Another 124 people participated in the project in some unspecified way, perhaps providing statements when interviewed by the authors or responding to written questionnaires.

The conclusions of the Task Force are reflected in the analysis and recommendations embodied in this volume, but since many of the issues considered remain problematical or controversial in the twenty-first-century economic environment, the authors are careful to point out that the arguments put forth here, while grounded in the workshop discussions facilitated by the funding agencies, represent their own interpretations. The essence of their interpretive structure is elegantly simple—traditional unions, the product of the era of large-scale manufacturing units and corporate capitalism, reinforced by New Deal economic regulation and social legislation (the Social Security Act, the Fair Labor Standards Act, and the National Labor Relations Act), and by Great Society programs in the 1960s, are ill-equipped to deal with the labor problems of the contemporary, globalized American economy. Labor organization will therefore need to evolve to meet the challenges of a new economy if it hopes to meet the needs of a new generation of workers.

The authors are critical of doctrinaire free-market ideology and find the processes of deregulation and down-

sizing considerably less efficient and largely inequitable mechanisms for governing the economy and regulating the relationship between capital and labor. But they also recognize that the liberal economic policies and institutions that limited and stabilized the economy from the 1930s to the 1970s are no longer consistent with economic realities nor do they any longer effectively promote the broader interests of labor they were designed to secure. One of the primary institutional cornerstones of the traditional liberal economy was organized labor. But, as the authors show, union membership has been steadily declining for four decades, so that today unions represent less than ten percent of the private-sector work force, a percentage of unionized workers that parallels that that obtained before the strong support for organized labor ushered in by the New Deal. Union decline, the authors argue, is a serious problem since they feel that institutionalized labor still has an essential role to play in the American economy. Given this premise, they argue that if unions are to be resurrected they will need to re-invent themselves, to adapt to the changing conditions of the post-industrial workplace, become more flexible and inclusive (widening their focus and seeking to organize the traditionally excluded labor force); in sum, to become “next-generation unions” (18).

The fundamental problems for unions, according to the authors, is that they have remained wedded to what they call “the old social contract” (60). By the terms of this contract and by mutual consent of labor and management, firms became guarantors (a structure ratified through the process of collective bargaining and federal legislation) of long-term job security, pension and retirement funds, health insurance programs, and job-training and educational benefits. In sum, organized workers felt their tenure to be secure in a stable economy, considered that they had an entitlement to regular promotion and advancement within the company, and essentially relied on a form of corporate paternalism to ensure fulfillment of the contract.

But since the 1960s, the American economy has changed most dramatically with the increased presence of

women in the work force, which has led to a prioritization of family issues (maternity leave, day-care, care for the elderly) that traditional unions are ill-suited to address. The work force has also become considerably more racially and ethnically diverse. The conditions of labor have also been altered. "Knowledge workers" require continual training upgrades, and there is a significant trend toward home and consultancy work, which bring individual workers out of the day-to-day work force and pose different problems for worker-employer relationships. And the job market has become much more flexible; few people spend a whole career working for a single company. For those under age 40, current job tenure, averaged for males and females, is five years; for those under 50, it is 8.3 years (Table 2.1, 36). In the new economy, the federal government has stepped up to fill the vacuum left by the drastic decline in unions. But legislative proclamations have satisfied neither capital nor labor; rather, they have made legal compliance more onerous for employers and the process of filing claims more cumbersome and expensive for employees.

In light of the powerful trend toward globalization and rapidly changing technologies, it has become, in the authors' view, more difficult for individual corporations to perform the labor-market functions and provide the kinds of social services that came to be expected of them under the "old social contract." Firm-based collective bargaining and traditional labor-management partnerships have also become inherently unstable and are now characterized by mutual distrust. Ultimately, the authors predict that most of these labor-market functions will come to be performed by institutions that are non-traditional and therefore able to coordinate cross-firm interactions both within the same industry and between closely allied industries.

What are the prospects for "next-generation unions," then, as the authors see them? New unions will need to broaden their focus from traditional wages and hours and social benefits concerns to effectively recruit, organize, and represent workers in the post-industrial marketplace. On the macrocosmic level, like their predecessors, new unions will need to find strategies for neutralizing employers' opposition to unionization and to structure cooperative ways of organizing and stabilizing the workplace. In addition, they will have to lobby federal agencies for changes in the regulatory structure and in labor policies that will more readily accommodate a new

breed of labor organization. Above all, new unions will have to share the field of labor organization with community groups, advocacy groups, professional associations, and informal employee networks. The authors foresee the "next-generation union" as a coordinating mechanism to bring together the various groups that are working incrementally on discrete aspects of workers' quality-of-life and job security issues.

For this vision to become a reality, union psychology will need to change. Organizational strategies that recruit individuals from diverse occupational backgrounds and that retain them as members over the course of their careers as they change jobs or professions will need to be devised. New unions will have to convince government and industry that the old-style union structure is no longer viable and that it is in the best interests of employers to provide the same freedom of association on the job as individuals enjoy in civil society.

A central concern of the authors is the hangover from liberal union development during the New Deal, that presupposed an inherently adversarial and inimical relationship between labor and capital, and provided legislative safeguards to protect workers' right to organization and collective bargaining. Those federal policies, the authors conclude, have been superseded by changes in the economy, and a more collaborative strategy, a partnership, if you will, between labor and capital needs to be developed that will allow for close policy coordination, a possibility that was rendered impossible in an earlier era by concerns about company unions and yellow-dog contracts. At the same time, the authors point out that workers' rights to organize have eroded under NLRB adjudication over the last twenty-five years, and need to be fully restored. Finally, they argue, unions should be divorced from a particular industry so as to better represent all workers rather than a narrow spectrum of skilled workers tied to a particular set of firms, and collective bargaining structures under the NLRA need to be changed to accommodate a growing category of technical and professional workers who perform some supervisory or management functions.

At bottom, the Task Force concluded that new institutionalized entities offered the best hope for the future of organized labor. Worker advocacy groups, like Long Island's Workplace Project (est. 1992), organized

immigrant workers (including the undocumented) to seek state legislation to protect themselves from employers' violation of labor law. Living-wage campaigns, organized by coalitions of groups, like the 1994 effort of the American Federation of State, County, and Municipal Employees and the local Industrial Areas Foundation in Baltimore, provide another model for issues-based action. Valley Interfaith (an IAF affiliate) in a program modeled on Project QUEST in San Antonio, Texas, offered yet another tactic: they organized a campaign that secured a workers' training program, a new branch library, recreation centers, and after-school programs. None of these actions involved traditional big unions, but provide a direction for future labor organization to pursue to achieve its goals in a changed economy.

Overall, this book is clearly and concisely written and cogently argued. Given its style and its summative pages at the end of each chapter, it is ideally suited to use with undergraduate classes in labor or contemporary social history of America. While the burden of its argument stresses local reform and institutional flexibility, its weakness lies in its assumption that labor law will follow the lead of innovative forms of labor organization and groups designed to achieve social reform. Given the conservative hegemony of a market-driven economy in contemporary economic thought, it seems unlikely that the governmental side of the labor-capital-state triangle will change any too soon. Furthermore, the authors are rather too sanguine about the potential for enlightened benevolence of corporations towards labor in an era of globalization and corporate downsizing. As the authors put it, "most of the firms we studied—both 'old-economy' and 'new-economy' firms—wanted to do right by their employees but were genuinely struggling with how to do right while maintaining the levels of economic performance expected by their shareholders and by outside investors" (80). In a post-Enron era, it is difficult to credit this Pollyanna-ish vision of the classic rationality of the capitalist mind. While irrational greed may have only become a staple of public concern after the Enron debacle, certainly one would have had to have had blinders on since the mid-1980s to be quite as naively trusting of the good intentions of corporate America even in 2001.

In closing, it is painfully necessary to allude to the editorial quality of this volume, which is unfortunately scandalous for a respectable academic press. Given con-

temporary standards, one expects to find some minor textual oversights—a few misspelled words, incorrect verb tenses, perhaps a minor factual lapse. But in this volume there are at least five or six places where entire words have been omitted from the text. While it is clear from the context what the intended meaning of the sentence is, it is most disconcerting to encounter such editorial carelessness in a scholarly volume. Nevertheless, the book is thought-provoking, provides a good historical contextualization of the labor movement and a summation of its contemporary problems, and offers solutions which might best be described as moderately accommodationist. It is a useful volume for anyone seeking a basic introduction to the social and economic problems of workers' organization in a post-industrial world; specialists in labor studies will find it perhaps more conventionally liberal than challengingly innovative.

Louis J. Kern is a Professor of History at Hofstra