History of Unions

Development of Legal Environment
Printer strike – Philadelphia 1786
- One of the earliest recorded

Early Unions
- Craft Unions (particular occupation)
- Large cities
  - Enough workers
- Confined to skilled workers
  - Had education to form and manage a union
  - Had investments in skills to earn a return from
- Unskilled workers
  - Mobile
  - Much less investment in skills
Unions as Conspirators

- US founded on principal of political and economic freedom
  - Emphasized the individual
  - Unions viewed with suspicion
    - Thus fared poorly early on
- Cordwainers’ Case (1806 Philly)
  - Efforts by unions to raise wages were intrinsically illegal
Early 1800’s

- 1820’s
  - Began to see local unions
    - Could not act as an official representative
    - Could lend support
  - Public attitudes were slowly changing

- 1842 – Commonwealth vs. Hunt (Mass)
  - Court ruled unions had right to exist
  - Could not use coercion to reach goals
Unions and Biz Cycles in 1800’s

- Unions fared poorly during recessions
  - 1812, 1870’s
  - Weak labor markets
    - Low demand for labor
- Unions fared better during expansions
  - Tight labor markets
    - High demand for labor
Late 1800’s

- **1881 – Federal Organized Trades and Labor Unions**
  - Central federation of craft unions
    - Sort of a union for unions
  - Business unionism philosophy
    - Unions are to serve workers
  - Don’t fight capitalism – fight *within* it

- **Reorganized as the American Federation of Labor (AFL) – 1886**
  - Leader – Samuel Gompers
    - Advocated not supporting a party
    - Advocated supporting candidates that support unions
  - Did better in recessions
Late 1800’s

- Beginning of industrial unions
  - United Mine Workers - 1890
    - From a merger of unions in Ohio
  - Coordination problems
    - How coordinate different crafts?
  - Took awhile to become strong
Sherman Antitrust Act

- Unions were treated as imperfectly competitive firms
  - Like Standard Oil
  - Needed to be limited
    - Keep free trade in labor markets
- Courts could issue injunctions against unions
  - Injunction: rules an action as illegal and thereby can be penalized
- 1908 – Hatters’ Union
  - Started a consumer boycott against non-union firms
  - Supreme Court decided this was restraint of trade
Early 1900’s

- Attitudes were slowly changing
  - Unions could legally exist
  - still restricted in what they could do
- Clayton Act – 1914
  - Labor was defined to be different from other goods and services
  - Did not give the right to coercive tactics
  - Did not end injunctions
Early 1900’s

- Railway Labor Act – 1926
  - Regulates rail industry
    - Amended to include air transportation industry in 1936
  - Railways were an important distribution channel
    - Of national interest
  - Specifically gave workers the right to choose representatives
    - Allowed collective bargaining
    - Obligated employers to negotiate with the reps.
- Constitutional?
  - Supreme Court said “Yuppers”
Wagner Act – 1945

- National Labor Relations Act (NLRA)
  - #1 Law in Industrial Relations
  - Legalized unions and union activity in the private sector
    - Basically extended Railway Act to others
  - Granted right to strike and picket
  - Employers can’t discriminate against strikers
Wagner Act – 1945****

- Defined “Subjects of Bargaining”
  - Mandatory Subjects of Bargaining
    - Must be bargained over
      - Wages
      - Hours
      - Employment conditions
Wagner Act – 1945

- In Baseball
  - Luxury Tax and Revenue Sharing
    - All spelled out in the CBA
  - Why?
    - Both alter the demand for baseball labor
    - Alter wages
      - Mandatory subject
Wagner Act – 1945

- Bargaining in good faith
  - Must meet at reasonable times
  - Must actually negotiate mandatory subjects
  - One side chooses to negotiate over mandatory subject...
    - The other side must listen
Permissible subjects of bargaining
- Not required to be bargained over
  - But the sides can
- E.g. Corporate advertising

Illegal Subjects of bargaining
- Racial discrimination
- Closed shop clause
  - Requires individual to be a member of the union before he/she is hired
Wagner Act – 1945

- **Unfair Labor Practices**
  - **Employer**
    - Must let workers organize
    - Must let workers collectively bargain
    - Can’t dominate/interfere with unions
      - No financial support
    - Can’t discriminate based on a worker’s union views
  - **Employers may lock out employees**
    - Even over mandatory subjects
  - **Employer can hire replacements**
Wagner Act – 1945

- **Unfair Labor Practices**
  - **Union**
    - Outlaw Hot-Cargo clauses
      - Where employees don’t handle particular goods
      - E.g. union truckers won’t ship non-union goods
    - Can’t force employer to bargain if not certified
    - Can’t charge excessive dues
    - Can’t force firms to pay for uncompleted work
Wagner Act – 1945

- National Labor Relations Board (NLRB)
  - 5 members appointed by President (5 year terms)
  - Looks at representation and election questions
  - Investigates unfair labor practices

- The effect on union membership???
  - Doubled after its constitutionality was upheld
CIO

- Auto and rubber industry workers
  - Originally affiliated with AFL
  - Wanted local industrial unions
    - Would include unskilled workers
  - AFL – Originally Craft Unions
    - Craft unions wanted industrial unions to exclude craft workers
CIO

- Congress of Industrial Organizations
  - Originally organized as a subgroup within AFL
  - Kicked out of AFL
  - Competed with AFL
  - Very hard feelings with AFL leaders
  - Very socialistic
    - AFL advocated helping friends
  - Very militant
AFL-CIO - 1955

- Difference diminished over time
  - Strategies became similar
  - Agendas became similar
- Old leaders retired/died off
- CIO had expelled communistic unions
  - Smaller in size
- AFL and CIO found it optimal to merge
1960’s and 1970’s

- **1960’s**
  - Strong economy
    - Good for unions
  - Political and social unrest
  - Sputnik (1957)
    - Soviet satellite
    - Intensified US investment in science and tech
    - Hard to unionize these workers
      - Highly paid
      - Highly skilled
      - Mobile
    - Ironic – USSR bad for US unions in LR????

- **1970’s**
  - Weak economy
  - Shift in politics to the right
1980’s Until Present

- Reagan Revolution
  - Professional Air-traffic controller Union
    - Struck
    - Fired
    - Strong signal

- Deep recession in early 1980’s
  - Weakened unions

- Union membership continues to decline
  - Increasingly competitive economy