Rejoinder

☐ *Lance Compa & Paul J. Baicich*

Most of Randy Barber and Andrew R. Banks' response to our analysis of the "District 100 model" exaggerates our arguments, then goes on to attack the exaggerated versions. In charging us with "inflexible and unthinking 'fightback' and 'no concessions' rhetoric":

- They imply, in relation to the blocking of the sale of workers' common stock, that we say *"the union arbitrarily decided that it didn't want them to be able to recover some of their money for two years."*
- They assert that we *"argue that the IAM's agreement has no value simply by saying that it leaves 'real control firmly in management hands.' "*
- They say that we *"argue against such an agreement on the grounds that the union did not gain complete control of the company."*
- They suggest that we would have preferred that Eastern employees be *"sacrificial lambs"* to dramatize the crisis in the industry.
- They charge us with holding that *"all forms of change in company-union relations are bad."*

Barber and Banks characterize these arguments, which they impute to us, as "fear-laden," "misleading," "ludicrous," "absurd" and "profoundly conservative." They well may be, but they are not the arguments we made. Detailing a response to each of these charges would be repetitive. We urge the reader to re-read our article for what we actually said on these points.

A few other points, nevertheless, need further clarification:

1) It was imprecise on our part to say that Eastern workers were given "watered stock." In Wall Street parlance, it is indeed the existing stockholders whose stock is watered upon the issuance of new shares. But *earnings* per share are diluted for *all* stockholders, new and old. It is not just a coincidence that the stock now being sold to workers at a fixed rate of $6.00 per share, hovers around $4.50 per share on the market—a 25% drop.

2) Of the $260 million in the "preferred stock trust" (we find the term imprecise; it is actually a profit-sharing pot), Barber and Banks assert that "all of this money is in fact secured" and would be repaid if the company went out of business tomorrow. But the fact that the debt would be covered if the company liquidated its assets tomorrow only means that it is secure for the moment, not that it is secured for the future as well. Eastern reported a net loss of $28.1 million in the first quarter of 1984. Based on EAL's net worth of $176 million, continued losses at that rate would wipe out the preferred stock trust in six quarters.

3) Barber and Banks point out that the union achieved the right of *approval* of the 1984 Eastern Business Plan. We think we gave that feature of the agreement the attention it deserved. A "Business Plan" is a mix of scenarios, good intentions, desirable results and bright ideas, all showing how a company is going to do the best it can in the coming year. A "veto" over the Business Plan has no practical meaning. At any rate, the union approved the Business Plan, so here we are.

4) Our criticism of the pension plan was not because we belittle union attempts to control them. In voting for the contract back in March 1983, IAM workers were given every reason to believe that they would have 50% of the pension board members. (See Barber's excellent report on this and on the company's subsequent evasion in *Labor Research Review*, No. 4.) Getting two union votes out of five, nine months after the company has agreed to two union seats on a four-member board is a step backward. It is better than none, and is commendable for that, but that is all.

5) We neglected to include any reference to the unionized leadman responsibilities in our original piece. This has long been a goal of the District and of the Bryan administration in particular, and has merit. Nowhere, however, does the lead have "complete control of

the work process." The lead does not control *manpower*—the size of the crew that is to work under his leadership and direction. As to the Washington National Airport situation, the increase in leadman responsibilities began in June '83, and served as an initial prototype for the system. It preceded the December agreemeent by 6 months.

6) Finally, we concur with Barber and Banks that "the real problem" we have with the Eastern agreement is that "it represents a threatening and potentially far-reaching development." Taken as a model for all unions to emulate, concessions bargaining for employee stock ownership and participation in management threatens to turn the American labor movement into a company union movement, where each union is devoted to the success of a single capitalist enterprise.

These are difficult times for the labor movement. Barber and Banks correctly point out that "static solutions are not producing demonstrable gains." In this context, it is tempting to seek what appears to be bold innovations. But is what Banks and Barber advocate really so new?

In the 1920s there was a rage for "New Capitalism" inside and outside the labor movement. The entire labor movement was pressed to adopt a bold approach to collective bargaining, which was termed "the higher strategy of labor." Many union leaders saw it as their salvation. Enthusiasm grew for such initiatives as the B & O Plan, where workers exchanged economic concessions for promises of job security and joint participation in day-to-day operations. In 1925, President Green of the AFL maintained that "organized labor is coming to believe that its best interests are promoted through concord rather than by conflict." The AFL Executive Council was moved to announce in 1928 that "At no time in its history has the trade union had greater influence in industrial circles. The constructive policies which we advocate and follow challenge the attention and respect of employers in this country and abroad. . ."

Within a decade, American workers rendered judgement on the "higher strategy of labor." Industrial unionism, general strikes, sit-downs, mass community organizing campaigns, innovative political action and other policies of aggressive struggle against the employers brought millions of workers into the new unions of the CIO, and forced the AFL to shake off its lethargy and organize millions more.

We are not taking refuge in an iron law of history. There is none. Labor's predicament is difficult, and no easy extrication is presently in view. But American workers move their unions forward in spurts, not at a steady velocity. The unrelenting employer attacks on workers and unions could well be answered by a new outpouring of class-conscious, aggressive trade unionism, breaking through barriers in

organizing and political action. But this cannot happen if workers are told that reciprocal bargaining for equality of sacrifice and participation in management is the solution to their problems.

We are not talking about static solutions at all. We are talking about some of the basic precepts of American trade unionism. Call it old-fashioned; that is not necessarily perjorative. And, it is no more old-fashioned than Barber and Banks' revival of "New Capitalism" proposals. We welcome the debate on these issues. In the end, as they should, rank-and-file union members will decide who is correct.