

TRANSCRIPT

The Work Goes On

Guest: Thomas Kochan

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Thomas Kochan:

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Orley Ashenfelter:

Welcome to “[The Work Goes On](#),” a podcast from the [Industrial Relations Section at Princeton University](#). I'm your host, [Orley Ashenfelter](#), the Joseph Douglas Green 1895 Professor of Economics at [Princeton University](#).

In this podcast series of conversations with leading thinkers and practitioners, we are creating an oral history of an entire generation of industrial relations experts and labor economists whose contributions to their fields have been absolutely extraordinary. Our guest today is [Thomas Kochan](#), who is the George Maverick Bunker Professor Emeritus of Management at the [Sloan School of Management](#) at the [Massachusetts Institute of Technology](#). He is renowned for his work on industrial relations and for the organization of work. Tom, welcome to “The Work Goes On.”

Thomas Kochan:

Delighted to be here, Orley.

Orley Ashenfelter:

Let's begin the discussion by talking about your background. Where did you grow up?

Thomas Kochan:

I grew up on a small farm in Wisconsin, a dairy farm that was marginally successful then, and there was no future in that occupation. My father made that very clear to me. He said, “Get as much education as you can and do something else.” And yes, I did and was lucky enough to get a great education at a Catholic grade school, a very good public high school in the University of Wisconsin in Madison.

Orley Ashenfelter:

I know you were an undergraduate at Wisconsin and also a PhD.

Thomas Kochan:

Yes. Wisconsin at the time had this wonderful Industrial Relations program with some of the best academics and scholars and practitioners of that era. I didn't know anything about industrial relations, but I ended up by accident in this course called Trade Unionism, taught by a fellow by the name of Jack Barbash who came right out of...

Orley Ashenfelter:

Jack Barbash.

Thomas Kochan:

Right out of the 1930s and the socialists, and was really an intellectual, and he really taught me some things about unions I had never thought about and did it in such a profound way that I never left. This was as an undergraduate; then he encouraged me to go on to graduate school and he was a great mentor, and he passed me on to some people who were more up to date in terms of research methodology and quantitative analysis and said, "You've got to learn this stuff." He said, "That's not what I do, but that's what you need to do." And so, I got a very good education from people like Barbash and Gerry Somers who was a labor economist in the so-called manpower field at the time, and others international experts like Everett Kassalow.

Orley Ashenfelter:

Who did you work with on your dissertation?

Thomas Kochan:

My dissertation was in organizational behavior in the business school in the Industrial Relations program, but we had faculty from there, a fellow by the name of Larry Cummings, who was a great industrial social psychologist, a president of his associations and so on. And he was a stickler for figuring out how to measure interesting issues about conflict and about power, and so I gravitated to him, and then to a fellow by the name of Don Schwab. Now, Don was a real character. He was very young at the time, assistant professor, full of himself, full of everything else, and he taught us methodology, and he taught us statistics and methodology as only he could in a very colorful way, but a very high standards fashion, and so that was my education at Wisconsin.

Orley Ashenfelter:

Now, you must've known Craig Olson.

Thomas Kochan:

Oh, Craig was a dear friend. Craig came a few years after I did, but Craig was one of the premier graduates of that program. He was equally interdisciplinary. He went through the same process I did in learning from the same people. He went on to a very distinguished career and unfortunately died at way too early in age.

Orley Ashenfelter:

Yeah, way too... He was quite a remarkable character. He visited us here at Princeton many times, and toward the end in fact, he visited us even though he was very stiff and difficult for him to get around, but he was still doing fantastic work, I thought. I have to ask this because you mentioned the Catholic school, you actually started something called the Catholic Scholars for-

Thomas Kochan:

Worker Justice.

Orley Ashenfelter:

... Worker Justice. What is that?

Thomas Kochan:

Well, it's a small group that does just what it says. There's a long tradition of Catholic social teaching on labor. There was an encyclical by Pope Leo XIII in the late 1800s. There was a priest by the name of John Ryan who invented the term living wage and promoted that, and there were some very positive features about Catholic social teaching that I really believed in and believe in today, and I thought it needed to be lifted up, and we need to ground what we do in the study of work in a sense of morality and justice, and what are the values that we should experience at work, and we should recognize that all work has dignity.

All workers deserve to be treated with dignity, and that was basically the idea. We didn't have an agenda. We would meet from time to time, and we would talk about issues, and we would write a little piece here and there on it. And I wrote a paper or two that reflected that tradition on the issue of unions and the need for modernizing unions in ways that would reflect the issues of today and the workforce of today, and to update our labor law and grounded it somewhat in Catholic social teaching.

Orley Ashenfelter:

That's interesting. I went through your curriculum vitae, which is very long, very, very long. It took a while. But one of the things I noticed that's unusual for academics certainly at MIT, I think, is you have quite a large repertory of either I would call them journalistic articles. I know you wrote for the *Huffington Post* a number of posts. Do you feel that that's connected to your actual work as an academic or is it a separate thing?

Thomas Kochan:

I think it's very closely connected, although I will say that I grew into that. I was taught by one professor at Wisconsin, a very famous mediator and arbitrator of his era, Nathan Feinsinger, and he was in the law school. And Nate had a great sense of humor, and he said to our class one day, "Well, there's two conditions under which you don't talk to the press about strikes or about negotiations," he said, "One, if you're not involved, you really don't know what's going on, and two, if you are involved, you shouldn't be talking to them," so that pretty much wrapped it up.

Orley Ashenfelter:

I heard that exact same lesson from George Schultz as well as Al Rees.

Thomas Kochan:

Yes. Well, he and Schultz would've been younger than Nate. Nate passed maybe 20 years ago, 25 years ago. But there was that deep tradition, and I respected that for a very long time. And I'll tell you when the change happened, it was when Eastern Airlines went on strike and they were at risk of bankruptcy. And I recognized at that time I was at MIT by then, that all these crazy finance people were talking about it. They knew nothing about the issue. They got half of it wrong, and I thought, "This has got to be corrected." So, I wrote a little op-ed for *The Boston Globe* just explaining what was going on and what was at stake, and why I felt there needed to be a resolution. And then that led me to say, "Well, maybe there's an educational role here. I won't talk about who's going to win this strike or who won that, or who lost and silly thing, and I won't intervene in talking about what people should do or what organizations and labor or companies should do in negotiations, that's their business."

And I still follow that principle that sometimes I am involved in those cases and there's one going on right now that I'm deeply involved in, but I don't think I should be talking about it in public, and so I'm very cautious. But over the years I've become more and more concerned that we've got to get the public educated in the issues of the day. We've got to do that, but do it carefully, do it honestly and do it on the basis of talking about research, not just speculating about what I think is good and bad. I've got those values that I could speak to, but our job is to bring evidence to bear and research to bear as best we can so that the public gets a holistic view of these things.

Orley Ashenfelter:

Well, you started your career at Cornell, I know in the School of Industrial Labor Relations. When was that?

Thomas Kochan:

That was 1973, and what a wonderful place to start. I mean, it was the Mecca and still is the main school of labor and industrial relations. Bob McKersie was the dean. I told Bob many times over the years, the worst mistake he made in his life is he hired me, and he might disagree, but he gets a good kick out of that. And he was about to change the school because as he said on your podcast, the first generation of the founders of the school were about to retire. They didn't want to retire, but it was time for them to retire. And he brought in about eight or nine young faculty. I was one of them over two or three, four years that really helped change that school and transform that school. And among them, another person you interviewed Ron Ehrenberg, and I know you were helpful in getting Ron to come to Cornell, and that was a godsend because he built a whole new modern labor economics department out of what was a department of distinguished elder researchers but needed to be modernized.

Orley Ashenfelter:

Yeah. I think it's unique in that it's managed to keep itself perpetual. It keeps going, so it's a wonderful thing to see. We should talk a little bit about that early work that you did, and maybe this will get us away into talking about your work in arbitration and mediation. I know you've been interested in that area for a long time, in fact, the National Academy of Arbitrators and so on. Have you had some cases that you can talk about that were especially interesting where you were an arbitrator or a mediator?

Thomas Kochan:

I've had a number of interesting cases and challenging cases, and I've always enjoyed them. You end up getting fully immersed in these cases, at least mediation. Arbitration is a little different because it's cut and dried and so on, and you have the power to decide what to do. In mediation, of course, you don't, and you have to really work with the parties. You have to try to understand the issues as best you can. You have to help them. But then at some point, you often have to make a subtle recommendation of one sort or another, but one in particular stands out. We had a big merger of transportation agencies here in the state of Massachusetts, so this is now about 15 years ago. And the governor at the time asked that I help them to merge these agencies because they had a whole bunch of different unions, about 27 locals and seven or eight national unions, and they didn't get along very well. All these different contracts had to be merged. That was one of the more complex negotiations I've ever been involved in.

And it took about a year, not constantly meeting, but I thought we had an agreement after six months. Everybody thought we did, and then the legislatures thought otherwise. No, they didn't want to do it. And so about four months later, I got called back in and said, "Well, we've got a few issues left," well,

they had the tough issues left that they had to change. And so we really worked out a very creative arrangement where we recognized you had bargaining units of transportation engineers from different unions who were being paid very different salaries, and so we had to bring up the people to the level at which some of the others were being paid. And we found a way of distributing things over three or four years to equalize the compensation as well as to eliminate some very old and archaic work rules on the Massachusetts Turnpike.

My God, that was a fiefdom for somebody, and we had to get those out, and that wasn't easy because it was the Teamsters Union and they resisted, but in the end, we got it done and it was very satisfying. And to work with the governor, Deval Patrick, at the time was great. There's another one that involved Marty Walsh, the former Secretary of Labor when he was mayor, and the Boston Teachers Union, and the Boston School Committee had tried three times in negotiation to lengthen the school day for grade school kids and failed, and it needed to change. And so, I worked with them over a period of time to figure out a way in which they could lengthen the school day without adding a lot more costs but addressing some of the teacher's needs and so on. And working with Marty Walsh was fun because he had to approve it and he had to come up with some more money for it.

And I met with him, and I had known him from some other interactions earlier, and he said, "Every time I see you, you cost me money." And I said, "You're right." He said, "Well, okay, I understand it as a labor guy." He understood it. He said, "But I can't do it now because I've got X and Y issues on my plate." And he said, "How would it be if I call you back when I'm ready?" And I thought, he's putting me off. Well, three months later, I got the call and he said, "Let's do it now. You do it. I'll announce it," and he did it and it worked.

It was fun because I saw an expert old labor negotiator as a politician who knew when he could do something and when he couldn't, and that's the art of mediation. You don't push something when you can't get it done, but you keep pressing the parties to find a resolution and sometimes come up with an idea, so those are two. One other one was really difficult. Just as COVID was hitting, I got asked to mediate a very nasty dispute between the nurses in Seattle at Swedish Hospital, which is their big nonprofit hospital. And they had had a strike and then a lockout, and it had broken down again, and the governor decided he needed a special mediator, and somehow they found me and I was out there just as the pandemic was starting in Seattle. And so if you can imagine here we are negotiating a very tough set of issues-

Orley Ashenfelter:

So March of 2020?

Thomas Kochan:

... yeah. And the docs should be in the hospital instead of at the bargaining table, and the president of the hospital was there. And finally that pressure helped us to get an agreement and a good agreement, a very innovative agreement for them, helped the very low wage workers, the Environmental Service people who deliver the food and clean the rooms and so on were really way behind in Seattle and needed a boost, and we got that done, and so that one was very satisfying. But then I came home, and it was just before people were staying home, but I called my dean and said, "All the staff know I was out there. If I come to work and somebody gets sick, what's going to be my legacy here at MIT? Oh, he's the guy who brought us COVID." And the dean laughed, he said, "You're right. You better you stay home for a while."

Orley Ashenfelter:

Stay home for a while. Nowadays, I think people would understand that better. At that time [inaudible 00:18:31].

Thomas Kochan:

Yeah. So there are funny stories like that, but it's a very rewarding process. It can be frustrating, but when you bring people together and you can see the creative potential of collective bargaining happening right in front of you, that's when it's very satisfying.

Orley Ashenfelter:

We should turn to your one or two of your... Most recently you've been writing books, not often but enough. And I know one of them is one that I've found interesting. It's hard to talk about in a way, but it's this notion of a social contract or a worker's rights that somehow should be widely respected without having to be even legislated. How did you come to think about all that?

Thomas Kochan:

Well, I think the idea of a social contract has been on my mind, but what really cemented it was as, I reflected on a very famous negotiation in the auto industry in 1948 through 1950, it extended for a while when Walter Reuther was the famous president of the Auto Workers, he and General Motors negotiated what the newspaper there and then *Fortune Magazine* called [The Treaty of Detroit](#). And that was a critical bargain because what they said was, "Look, if you unions stay out of our hair on managerial issues, we will agree to a wage formula that says, we'll have a cost of living escalator that protects against inflation and will give you or agree to an annual improvement factor that reflects the growth in national productivity." So what that did as a social contract, it meant as the economy got better so did the standard of living of workers.

And you saw, as you know, productivity and wage growth moved in tandem from the '50s through the 1970s, and then it all broke down. But it was that sort of social contract that I think we need to restore today. Now, we have to do it on other issues in addition to wages. We clearly need new wage norms, and we're seeing that play out in bargaining today where workers and unions now feel they're strong enough to really press for wages that make up for inflation and so on. We don't know what that new wage norm ought to be, but for too long wages stagnated, income inequality grew to unacceptable levels, and now it's time to start to put us on a path, not to reclaim all of that all at once, but to get us on a better path where these economic forces move together rather than separately.

Orley Ashenfelter:

It's interesting because when I was a graduate student, I mentioned this in fact in a podcast with Mike Piore who had the same point by the way that you just made about the fact that productivity growth and wage growth moved in tandem back in the 1950s and '60s. And I even remember closing a model by saying that real wage growth is identical to productivity growth, and so if you could explain wage growth, then productivity growth being exogenous, you could explain price growth. And then of course, that doesn't work anymore. In fact, he pointed out that [economist Robert] Solow had even said it was a natural law, apparently it got repealed. But I hadn't thought about it until recently. Several other people have noted this that maybe this growth of real wages with productivity wasn't a natural thing. Maybe it was something that happened because of a very conscious effort to make sure that there was a sharing of the output growth in the economy. It's a very interesting subject. We should also ask you though, speaking of cars, about the current automobile strike, are you involved in that at all?

Thomas Kochan:

Not directly, no.

Orley Ashenfelter:

Good. That means you can talk about it.

Thomas Kochan:

It's a very difficult negotiations and strike, and it has deep economic dimensions and deep political dimensions. Start with the political ones because they're more obvious. We have a new union president of the Auto Workers. Auto Workers used to be as Walter Reuther that I mentioned earlier, was the most innovative labor leader of our time, and it was a very progressive, powerful union, and then it fell on hard times, declined, and then it ran into corruption of some of its leaders.

Well, this guy, the new president, Fain, came out of the woodwork and said, "I'm going to be the new president. I'm going to get rid of all these other guys. Even though the current president was not accused of corruption, but he was from that same group, and I'm going to really rebuild this union in a powerful way. We're going to stand up to these corporations and we're going to demonstrate that we've got real power and so elect me," so they did. And so he's got a mandate and he's got a platform that he is articulating as we see in negotiations and in the strike that started recently, and we don't know where this will end up, but those are the political dimensions that he has to deliver.

Orley Ashenfelter:

Tom, it's good to mention that too, because when I teach about trade unions, I try to explain that the union itself was a political device. It doesn't run in a very simple explanation for how it works. Go ahead.

Thomas Kochan:

That's right. So those are the political dimensions. The economic dimensions are that the real wages of auto workers have fallen since 2007 and '08 when we had the bankruptcies of General Motors and Chrysler and the deep recession of that era. They haven't recovered from that. And then they negotiated an agreement about three years ago, four years ago now, that created a two-tier wage settlement, and that is new hires would come in at a lower level than incumbent workers doing the same work. That's always a ticket to a future conflict. We saw that in airlines in the 1980s. Every time I see that, I just say, "Well, just wait. This is going to blow up because eventually you can't live with those divisions inside of a union or inside of a company when you have people doing the same work for different compensation."

So, they've got to fix that issue, and I think they will. There's going to be more money going to people at the bottom, and they'll probably have to bring those up considerably. They also are going to have to bring up wages to make up for the rapid rate of inflation that has eaten away at their real wages. And then this comes in a situation that is always going to predict a strike. And your former colleague, Al Rees, was the first to identify this, and he said in one of his books or writings or articles that, when you have a situation where the expectations are on different timeframes, that is the workers are looking backward and saying, "We lost ground to wages and the company did well," and the companies are looking forward and saying, "But we have tough times coming ahead. We've got to invest in new opportunities. Competition is very strong."

So, you have the workers looking backward, the company's looking forward. Al Rees said, that's going to predict a strike. Well, Al was right, and that's what we're observing here. And so this will be a difficult

negotiations. You also have new technology at the heart of this dispute with electric vehicles coming along. That's going to eliminate a lot of UAW jobs because you don't have the internal combustion engine, they call it [the] powertrain division, where they make the transmissions and the engine parts. That's going to go away, and you'll need less labor, and you'll need labor with a different set of skills. Now, those skills can be retrained and they can get there, but they're going to have to make that adjustment, and they're dealing with some joint ventures that are not particularly interested in being unionized. And so the union is asking the auto companies to be neutral or to help them to organize in those new plants.

So those are the issues. They're tough issues. They're going to require some skillful problem solving. There are big issues for the economy at stake. If there's a long auto strike that spreads across all of the auto plants, we don't know how these things will play out. I do believe that given what's at stake, big stakes for the auto companies, big stakes for the union, big stakes for the economy and for the Biden administration, there can be an enormous amount of pressure to reach an agreement and to find solutions to these issues. They're not insurmountable.

Orley Ashenfelter:

Well, I hope the agreement can be one that doesn't paper over matters and tries to get at some more fundamentals and I'm not sure that'll happen. Tom, our time is starting to run out here in our podcast, and I did want to bring up something that I know that you've talked about and written about and that I think a lot of people are interested in, and that's the future role of trade unions in general. And also, I think the way that we seem to have observed some shift in bargaining power toward workers, and I mean by that both in unionized sectors and in non-union sectors. Do you have any prognostications about the union movement?

Thomas Kochan:

Well, this is one of the most exciting times we've seen this enormous explosion in efforts to join a union, to build a union. We see increased interest by workers wanting to join a union. We've documented that in our own surveys and so on. The public is more engaged and supportive of unions, so the time is right for a rebuilding of the labor movement. I believe we need that as a society for a strong democratic society and for a reasonable balance of power. But I think it has to be done in new ways. The idea that we're going to rebuild a labor movement just by going through a whole bunch of union elections where you've got to get 50 percent, and then management resists and resists and resists. That's not going to be enough. We've got to open up our labor law. That's a big political challenge.

We haven't been able to do that. We failed at that. That's one of the reasons we're in this mess of declining union membership for so many years. But we've got to open up to new ways of organizing where we listen to the workers saying, "We want a voice. We want a voice on technology because that's going to affect our jobs. Not to resist it, but to help shape it so that we can be part of that process and share in the benefits of it. We need to have a voice on work scheduling and on work and family life, which is so important to the young people today and to young families. We need to have a voice in making sure that the companies who espouse a set of values about doing no harm, as Google says, live up to those values." And so today's workforce has broader expectations that go way beyond the scope of traditional collective bargaining.

And if we can find ways, if the labor movement can find ways and other groups of workers outside of the labor movement, maybe in worker centers and other forms of organizing, can find ways to build sustainable operations and organizations inside their companies and in their industries, then I think we'll have a vibrant labor movement. But if we stay so focused on the traditional stuff and have tunnel vision,

then there's going to just be a lot more conflict, much of which management is going to resist and is going to win, and then there'll be another period of frustration that this was just a flash in the pan. So, a lot of my work today is trying to get the parties to address these issues in new ways, ways that we know from our research. Again, on the public side of this, I don't want to be out there just advocating what I think needs to happen.

I want to be out there talking about what the research is telling us is needed for workers to have a real voice, what we need to do to change the way we bring new technologies in so that they augment work rather than just look to replace workers and that we're fair to those people who are displaced because there will be displacement and provide fair adjustment assistance. So, there are new things that can be done. That's why it's an exciting time to help work on these issues, to keep doing research so we keep learning about what is needed and what's possible, and it keeps me busy.

Orley Ashenfelter:

Yes. You have a very articulate, passionate way of talking about it too, which I really appreciate. Our guest today has been [Tom Kochan](#), the George Maverick Bunker Professor Emeritus of Management at [MIT](#). Please join us again for the next episode of [The Work Goes On](#), an Oral History of Industrial Relations and Labor Economics from the [Industrial Relations Section at Princeton University](#). I'm your host, Orley Ashenfelter. Thanks for listening.

Announcer:

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