



Introduction to “Bargaining Structure and Inflation”

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Industrial relations and labor economics scholars are well aware that trade unions throughout the world provide representation to employees through the negotiation and administration of collective bargaining agreements. Depending on various factors related to a nation’s industrial relations system such as the labor legislation, culture, history, industry, etc., collective bargaining can adopt either a centralized or a decentralized bargaining structure. The bargaining structure utilized has a major impact on the labor contract’s negotiated terms of employment which includes wages, benefits and working conditions. Although not always, wages are often the most important issue bargained between these two parties. And one major question that has been posed in the industrial relations literature regarding wage negotiation is this - To what extent do union wage demands contribute to inflation?

In this well-written “Perspectives” Section article, Jonathan Lepie discusses the relationship between union bargaining structure and inflation. Having worked as a union organizer, business agent and negotiator for several unions including the International Ladies’ Garment Workers’ Union, the Service Employees International Union (SEIU) Local 535, the Union of American Physicians and Dentists and the American Federation of State, County and Municipal Employees Local 800 for more than three decades, Lepie retired as SEIU Local 535’s organizing director in 2005. Lepie argues that throughout the late 1970s’ era of stagflation, unions contributed to rising inflation only in some nations. He attributes this to the differing labor legislation between countries which impacted collective bargaining. Lepie points out that in continental European nations, centralized bargaining is more likely to occur than in the United States and the United Kingdom where collective bargaining is much more likely to be decentralized. Thus, in the former set of countries, wages are more likely to be standardized as opposed to consisting of “a hodgepodge of wage rates” as in the latter group of countries which has led to increased “inflationary wage demands” and higher levels of labor conflict. Finally, Lepie contends that employee dissatisfaction with their wages in decentralized bargaining can be explained by the theory of relative deprivation.

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If any of the journal's readers are interested in responding to any essays published in the "Perspectives" Section or would like to write articles on any topics in the field of employee relations, please do not hesitate to contact me with your proposal. I welcome both practitioner-based and scholarly-based articles written from any one of a variety of theoretical perspectives. I hope that you enjoy this article and find it most illuminating.

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