MAKING INFERENCES ABOUT SAMUEL GOMPERS

Samuel Gompers was born in London, England, in 1850. He went to school for only four years. When he left school, he received training as a cigar maker in London, and he began working at this trade as a young boy. Gompers and his family came to the United States in 1863. Eventually he, like many other immigrants, became active in labor unions.
Match each item in Column A with the items in Column B. Write the correct answer.

**USING KEY TERMS**

**Chapter 12 Test Form A**

**A.** lockout

**B.** minimum wage law

**C.** collective bargaining

**D.** white-collar workers

**6.**

**3.**

**C.**

**a.**

**b.**

**c.**

**d.**

**What percentage of U.S. workers were members of labor unions in 1975?**

**How did union membership change between 1945 and 1997?**

**Using Graphs**

Describe the three levels of unions, and explain the functions of each.

**APPLYING SKILLS**

**CRITICAL THINKING QUESTIONS**

15. Collective bargaining is the process in which workers receive annual raises as long as productivity rises. Bosses give raises to their employees. Workers who are laid off receive unemployment benefits.

**13.**

AFL-CIO.

**d.**

unions and employers negotiate the conditions of employment.

**19.**

Collective bargaining is the process by which striking workers negotiate with management about returning to work.

**15.**

Give in to their demands if the general level of prices in the economy rises beyond a stage of the negotiation process in which both sides submit issues on which they cannot agree to a court order preventing an activity.

**j.**

Workers employed in crafts, manufacturing, and non-farm service worker

**i.**

association of workers organized to improve wages and working conditions for its members

**g.**

unions having less power.

**h.**

workers employed in an office, sales, or professional position

**B**

**Technology and Multimedia**

- Vocabulary PuzzleMaker CD-ROM
- Interactive Tutor Self-Assessment Software
- ExamView® Pro Testmaker
- NBR Economics & You Video Program (English/Spanish)
- Presentation Plus!
- Glencoe Skillbuilder Interactive Workbook CD-ROM, Level 2
- TeacherWorks CD-ROM
- MindJogger Videoquiz
- Interactive Economics! CD-ROM
- Audio Program (English or Spanish)

**Spanish Resources**

- Spanish Economic Concepts Transparency 16
- Spanish Vocabulary Activity 12
- Spanish Reteaching Activity 12
- Spanish Section Quizzes for Chapter 12
- Spanish Chapter 12 Audio Program, Activity, and Test

**ECONOMICS Online**

You and your students can visit tx.ett.glencoe.com—the Web site companion to Economics Today and Tomorrow. This innovative integration of electronic and print media offers your students a wealth of opportunities. The student text directs students to the Web site for the following options:

- Chapter Overviews
- Self-Check Quizzes
- Student Web Activities
- Textbook Updates

Answers are provided for you in the Web Activity Lesson Plan. Additional Web resources and Interactive Puzzles are also available.

Use the Glencoe Web site for additional resources. All essential content is covered in the Student Edition.

**Additional Resources**

**Reading for the Student**


**Reading for the Teacher**

### Section Resources

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<td><strong>Section 2</strong>&lt;br&gt;Organized Labor&lt;br&gt;• What obstacles did labor unions face when they began to organize in the 1800s?&lt;br&gt;• How do closed shops, union shops, and agency shops differ?</td>
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<td><strong>Section 3</strong>&lt;br&gt;Collective Bargaining&lt;br&gt;• What are the major issues over which union contracts are negotiated?&lt;br&gt;• What workers’ actions and management responses may accompany a strike?&lt;br&gt;• How has collective bargaining in the United States changed in recent years?</td>
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*Also available in Spanish
Labor and Management

Have students bring in employee manuals from their part-time jobs or from a parent or other relative’s workplaces. Study the benefits and procedures listed in the manuals. Have students compare the benefits and discuss why there are differences among them (safety issues, seniority, and so on).

Then have students organize into two groups to take part in a simulated labor dispute. Half the class will be labor; the other half, management. Labor will select an issue or benefit (one missing from the employee manuals) and negotiate for the benefit through collective bargaining with management. Both sides should try to come up with the best solution for the dispute.

**ECON:** 2A-8, 19B, 23A, 23D, 25A
Chapter Overview

Chapter 12 explains the composition of the American labor force, how supply and demand affect wages, the development of organized labor, and the procedures and purposes of collective bargaining.

Why It’s Important

Do you have a part-time job? Who determines how much you get paid? How can you earn more? This chapter will explain the major categories of the labor force and the factors that affect wages.

To learn more about workers in the United States, view the Economics & You Chapter 14 video lesson: The American Labor Force

Encourage students to imagine that they represent workers at a fast-food restaurant or a convenience store and that they are about to negotiate pay and working conditions. Have them consider what they might ask for. Then have them consider what the manager of the restaurant or convenience store might be willing to give. Ask students how they and the manager might be able to bring what is being asked and what is being offered closer together. Guide students toward the idea of compromise. Conclude by pointing out that in this chapter students will learn how compromise plays a major role in the settlement of labor-management disputes. Econ: 2A-B, 19B, 23A, 25A
everyone—from a factory worker to the president of a corporation—belongs to the productive resource known as labor. As you read this section, you'll learn how workers are categorized, how wages are determined, and why employers need to pay more to get (and keep) good workers.

The Civilian Labor Force

When discussing labor, economists use the term labor force in a specific way. The civilian labor force is the total number of people 16 years old or older who are either employed or actively seeking work.
CHAPTER 12
CHAPTER 12

2 Teach

Guided Practice

L1 Understanding Ideas Write the four skill categories of labor—unskilled, semiskilled, skilled, and professional—along the top of the board. Call on volunteers to identify jobs that fall in each category. List responses under the appropriate category heading. Then ask students to write a classified advertisement for one job from each category. (To assist students, you might provide them with copies of the classified sections of various newspapers.) Have students compare and discuss their advertisements. ECON: 23A

Daily Lecture Notes 12–1

Lecture Launcher

DAILY LECTURE NOTES Lesson 12-1

Lecture Launcher

In 1950 the percentage of the total work force comprising businesses was 70%, in 1970 it was 57%. By the year 2020, it is projected that this figure will rise to 80%. Who comprises the civilian labor force? Who is it made up of? What are the various skill levels?

Lecture Question

Why do you think certain working people are not included in the civilian labor force? (By definition, the term civilian means a non-military or non-government officer. This would automatically exclude military people and federal and state officers. Others, such as full-time students and homemakers, may be working, but do not bring in an income, and therefore are not considered part of the civilian labor force.)

Answer: The unemployment rate is based on the civilian labor force. Those not able to work—such as disabled people and those in prison or mental institutions—people in the armed services, and those not looking for a paying job—such as full-time students and homemakers—are not counted as part of the labor force.

FIGURE 12.1

Total Workforce

16 Years and Older

The number of people age 16 and older who are not in the labor force is not the same number as the nation’s unemployment rate. Why?

FIGURE 12.1 FIGURE 12.1

For an online update of this graph, visit tx.eet.glencoe.com and click on Textbook Updates—Chapter 12.

Meeting Special Needs

Limited Math Skills When reviewing statistics on wages, students with limited math skills may confuse the terms mean and median. Help these students by offering the following clues:

1. The median is the middle (both words have a d sound, which can be used as a memory aid). Only by ranking the numbers from largest to smallest can you find the middle. If there are two “middle numbers,” add them and then divide by two to find the true middle number, or median. ECON: 23A, 23G

2. The mean is the average—simply add all the numbers and divide by the number of entries.

Refer to Inclusion for the Social Studies Classroom Strategies and Activities
entered the workforce because of higher wages, often became **blue-collar workers**—craft workers, workers in manufacturing, and nonfarm laborers.

The largest sector of the labor force is **white-collar workers**. Office workers, salespeople, and highly trained individuals such as physicians and engineers are classified as white-collar workers. This sector experienced steady growth throughout the twentieth century.

In recent years, a shift away from farm work and blue-collar jobs to the service sector of the economy has occurred. **Service workers** are those who provide services directly to individuals. Cooks, piano tuners, health-care aides, and barbers are all service workers. See Figure 12.2.

**Figure 12.2**

Worker Categories by Type of Job

Economists sometimes classify workers by their type of occupation, regardless of the skills necessary to perform the job.

**A** White-collar workers include office workers, salespeople, and highly trained individuals such as engineers.

**B** Blue-collar workers include craft workers, workers in manufacturing, and nonfarm laborers.

**C** Service workers provide services—haircuts, food service, child care, and so on—directly to individuals.

**The American Labor Force**

ASK: What are the four major categories of workers in the American labor force? **blue-collar workers**, **white-collar workers**, **service workers**, and **farm-workers**

Project Economic Concepts Transparency 16 and have students discuss the accompanying questions.

Cooperative Learning

Organize students into several groups, and have groups create collages that illustrate the United States labor force. Have group members collect magazine, newspaper, and other media pictures of people at work. Inform groups that jobs should range in fields from manual labor to the most recent high-tech developments. Have groups use these pictures to create their collages. Point out that collages should show diversity in terms of range of occupations, types of people working, and types of location. Have groups display their finished collages around the classroom.
CHAPTER 12
SECTION 1, Pages 313–319

L2 Classifying Information Call on students to identify the jobs done by people they know or jobs they have read about in newspapers or seen on television. List their responses on the board. Then ask students to construct a three-column chart in their notebooks, using “Jobs,” “Labor Category,” and “Factors Affecting Supply and Demand” as column headings. Direct students to select 10 jobs from the list on the board and enter them in the first column of the chart. In the second column, have them note whether the jobs are unskilled, semiskilled, skilled, or professional. Ask students to enter in the third column what factors they think might affect how supply and demand determine wages for these jobs. Have students share and compare their finished charts.  

Jobs Categorized by Skill Level Another way to categorize workers is by the skills required to perform their occupation. **Unskilled workers** are those whose jobs require no specialized training. Jobs such as waiting on tables and custodial work are considered unskilled, although obviously these types of work require skills such as patience and the ability to pace oneself or to work according to a schedule. Such jobs may also demand the ability to work well with people. **Semiskilled workers** are those whose jobs require some training, often using modern technology. The job of nurse’s aide, for example, is considered a semiskilled occupation. Someone who has learned a trade or craft, either through a vocational school or as an apprentice to an experienced worker, is considered a **skilled worker**. Police officers and masons hold skilled occupations. **Professionals** are those with college degrees and usually additional education or training. Also classified as white-collar workers, people who hold professional jobs include teachers, architects, and accountants. As shown in Figure 12.3, workers may move from one skill level to another as they gain training and experience.

Supply and Demand in the Labor Market The labor market, like other markets, is affected by supply and demand. Suppliers are the workers who offer their services, while the demand comes from employers who require workers.

Supply and Demand Factors That Affect Wages Three major factors affect how supply and demand determine prices, or in this case wages, in the labor market. These factors include skill, type of job, and location.

The first factor, **skill**, is the ability a person brings to a job. It may come from talent, initiative, education and/or training, or experience. Because the demand for highly talented individuals is usually high, whereas the supply of such employees is often scarce, a shortage occurs. As you remember from Chapter 7, a shortage usually results in high prices—or high wages. A highly educated brain surgeon and a talented major league home-run hitter, for example, both are paid large sums of money because their skills are in high demand relative to supply.

A worker’s initiative also plays a large role in determining wages. Overall, a worker’s wages will reflect the value of the

Workers Categories by Skill
This woman moved from a semiskilled position—lumberjack—to a skilled position—manager of the lumberyard.

**FIGURE 12.3**

Free Enterprise Activity

Point out that wages often include fringe benefits, such as paid vacation time, health insurance, and pension contributions. Organize students into several groups, and have each group select a local company. Have groups visit or write to the personnel departments of these companies to discover what fringe benefits the companies offer. Have groups share their findings with the rest of the class.
product that the worker produces. The worker’s productivity will be the major factor in determining his or her success. An employee whose value is easily and generally recognized cannot be underpaid for long by a firm, because another firm will soon entice that worker away with a higher salary.

The type of job also affects the amount an employer is willing to pay and a potential employee is willing to accept. Jobs that are unpleasant or dangerous, such as coal mining, often pay higher wages compared to other jobs requiring equal levels of skill. Again, the demand for workers is high, but the supply of laborers willing to do the work may be low.

In contrast, some jobs are enjoyable or prestigious or desirable enough that people are willing to take them even at low wages. Many people take lower-paying jobs in industries such as filmmaking and publishing for these reasons. In these cases, the demand for workers is low, whereas the supply of individuals waiting for prestigious positions is high.

The location of both jobs and workers is the third factor in determining wages. If workers are relatively scarce in an area, companies may have to pay high wages to attract workers to move there. Alaska, for example, has the highest wages per person in the country. In contrast, a company in a highly populated area often can hire people


Shakespeare’s plays deal with people in positions of power and responsibility. A workshop at Shakespeare’s Globe Theater teaches business leaders to read Shakespeare’s works for wisdom that can be applied in the work world.

To weather acts of betrayal, you might turn to Julius Caesar. Newly promoted leaders can find parallels with Shakespeare’s Henry V, who struggles to gain respect in his new role as king. Consider Hamlet when you’re facing indecision and action. And Macbeth teaches how to avoid becoming obsessed with power for its own sake. —The Columbus Dispatch, May 27, 1999

Labor Categories

The labels unskilled, semiskilled, skilled, and professional are helpful in developing a broad picture of the different segments of the labor force. However, some individuals may not fall into a single category. A college student, for example, may work at an unskilled job as server at a fast-food restaurant while he or she attends college. In addition, the definition of the term technician—traditionally a skilled position—has begun to change. Some technicians today require considerable training, including a college degree, to prepare them for very difficult and demanding jobs. Moreover, the line between some technicians and scientists—who are considered professionals—is very thin.
at relatively low wages. Even professionals in such a location may not receive high wages. See Figure 12.4.

Restrictions on Wages If the labor market were perfectly competitive, the changing supply and demand for labor would result in constantly shifting wage rates. The labor market, however, is not perfectly competitive. For one reason, the flow of information about

**Figure 12.4**

Supply and Demand Factors Affecting Wages

- Location
  A skilled ironworker will earn more in urban areas of the North or Midwest, where blue-collar wages are higher than in the South, which has traditionally had lower wages.

- Type of Job
  People with dangerous jobs, such as these firefighters specializing in oil-well fires, will receive higher wages than others who do not have life-threatening occupations.

- Skill
  Kevin Brown, pitcher for the Los Angeles Dodgers, signed a $105 million seven-year contract. His wages are high because his types of skills are in high demand but in short supply.

*Figures represent hourly wages. Source: Bureau of Labor Statistics

Relevant Issues in Economics

**Wage Discrimination**
Discrimination—unfair treatment based on personal characteristics or beliefs, such as race, gender, or religion—results in differences in wage rates. In the past, women and minorities were excluded from the highest-paying jobs regardless of education or skill. As a result, they were trapped in lower-paying jobs. The Equal Pay Act of 1963—which required businesses to pay men and women the same for equal work—and the 1964 Civil Rights Act—which outlawed discrimination in hiring and firing—helped to end the worst examples of discrimination. Even so, women earn as much as 20 percent less than a man with exactly the same educational achievement and skills.

**ECON:** 15A-B, 16A, 21A, 23A
jobs is imperfect. Workers cannot know exactly what all other employers will pay for their services. Employers, for their part, do not know what all workers are willing to accept. Economists call this lack of information a market failure.

Two other factors restrict supply and demand in terms of their influence on wages. One is the federal minimum wage law, which sets the lowest legal hourly wage rate that may be paid to certain types of workers. Although the purpose of the minimum wage is to help workers, some studies have shown that the opposite often occurs. An increase in the minimum wage causes some firms to hire fewer low-skilled workers. This can delay the acquisition of job skills by teenagers and minorities and reduce their subsequent attractiveness in the labor force.

Another factor that restricts the influence of supply and demand on wages is the process of wage negotiations between organized labor (unions) and management. Supply and demand have less influence on wage negotiations than do such things as the company’s ability to pay higher wages, the length of the negotiated contract, and seniority—length of time on the job. You’ll learn more about organized labor in Sections 2 and 3.

Understanding Key Terms
1. Define civilian labor force, blue-collar workers, white-collar workers, service workers, unskilled workers, semiskilled workers, skilled workers, professionals, minimum wage law.

Reviewing Objectives
2. What are four categories of workers as determined by skill level and education?
3. Graphic Organizer Create a diagram like the one below to describe how skill, type of job, and location affect supply and demand in the labor market.

Effect on Supply
Highly Skilled
Dangerous Job
Remote Location
Effect on Demand

Applying Economic Concepts
4. The Civilian Labor Force Are you technically a member of the civilian labor force? Explain why you are or are not considered part of this group.

Critical Thinking Activity
5. Understanding Cause and Effect Draw two line graphs showing (1) how the labor supply would change in a highly remote location if very high wages were offered to prospective employees, and (2) how the demand for labor would change in a firm that just invested in robotics. For help in using line graphs, see page xv in the Economic Handbook.
If layoffs can have happy endings, this may be one case: Cisco Systems (CSCO), which dismissed 6,000 full-time workers in April, got creative about its severance package—and decided to help charity. The San Jose (Calif.) company is allowing the pink-slipped who agree to work for a local nonprofit organization for a year, to collect one-third of their salaries, plus benefits and stock options—and be first in line for rehire once the economy recovers.

Nonprofits, of course, are delighted. “It’s going to allow us to move ahead faster on technology projects,” says Dave Sandretto, director of the food bank for Santa Clara and San Mateo counties. He’s interviewing Cisco candidates for five accounting and computer-related positions.

OPTIONS EXTENSION. So far, 150 ex-Ciscoans are participating. The company is also offering workers nine months longer than usual to exercise their (currently underwater) stock options.

Carol Cone, who runs Boston-based strategic marketing firm Cone Inc., says Cisco is wisely maintaining ties to its talent pool while helping tech-challenged nonprofits: “It’s really a fascinating and very visionary approach to a layoff.” Hear that, Human Resources?

—Reprinted from June 1, 2001 issue of Business Week by special permission, copyright ©2001 by The McGraw-Hill Companies, Inc.

Think About It

1. According to the article, how can nonprofit organizations benefit from the help of former Cisco employees?
2. Why do you think Cisco came up with this program? How does the company benefit from it?

Answers to Think About It

1. Former Cisco employees are using their experience and training to help nonprofits move ahead more quickly with technology projects.
2. Cisco came up with the program as a way to maintain good relationships with its workers and help charity at the same time. The company benefits because when it has enough money to begin rehiring, there is already a trained and talented pool of workers to choose from.

Sidelight

One ad writer in Texas decided to turn her joblessness into inspiration. Her web site, PlanetPinkSlip.com, sells hats, t-shirts, and coffee mugs decorated with out-of-work slogans like “Employment is for Wimps” and “Paycheck Shmaycheck.”
The work is dangerous . . . [and they] are liable to get their fingers jammed under the bench, or caught in the die when it comes down to press the parts of the buttons together. A man (although not a surgeon) is provided to dress wounds three times for each individual without charge; afterwards, the person injured must pay all expenses. There are 35 machines in use, and accidents are of very frequent occurrence.

To have some control over the wages they receive as well as over other working conditions, American workers formed labor unions. A labor union is an association of workers organized to improve wages and working conditions for its members. As you read this section, you’ll learn that unions are based on the idea that workers as a group will have more influence on management than will individual workers acting alone. (In discussing labor-management relations, the term management refers to those in charge of a company—the executives and managers.)
Development of Labor Unions

Working conditions in the 1800s were very different from those of today. Buildings were often poorly lighted and ventilated, and the machinery was sometimes dangerous to operate. The workweek was long, and wages were low. No unemployment insurance helped those who were out of work until they found new jobs. Health-care benefits, sick leave, and paid vacations and holidays did not exist.

Workers began to form unions to force employers to improve wages and working conditions, shorten the workday, and end child labor. Unionism, however, met with strong resistance. In the 1800s, state legislatures—influenced by business interests—passed laws against unions, and courts upheld them.

Many businesses refused to hire union members or deal with unions. Workers who were found trying to organize unions were

Limited English Proficiency  Students with limited English proficiency may have difficulty understanding the types of labor unions that developed and how unions are organized. They may find it easier to comprehend the material if they outline the section. Suggest that they list the different types of unions and levels of union operations and the major characteristics of each in outline form. ECON: 19B, 23A

Refer to Inclusion for the Social Studies Classroom Strategies and Activities for students with different learning styles.
The American Labor Force

The American Labor Movement

For much of its history, organized labor in the United States has been split into two groups: craft unions and industrial unions. A **craft union** is made up of skilled workers in a specific trade or industry, such as carpentry or printing. The first permanent federation, or organization of national labor unions, was the American Federation of Labor (AFL), composed of craft unions and led by Samuel Gompers. See Figure 12.7 at right.

**FIGURE 12.6**

**Labor-Management Legislation**

<table>
<thead>
<tr>
<th>Legislation</th>
<th>Description</th>
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<tbody>
<tr>
<td>Norris-LaGuardia Act, 1932</td>
<td>Limits the power of the courts to stop picketing and boycotts, and makes</td>
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<tr>
<td></td>
<td>yellow-dog contracts illegal. This type of contract is the practice where</td>
</tr>
<tr>
<td></td>
<td>by employers require that employees pledge not to join a union.</td>
</tr>
<tr>
<td>Wagner Act, 1935</td>
<td>Guarantees labor’s right to organize and bargain collectively. Sets up</td>
</tr>
<tr>
<td></td>
<td>National Labor Relations Board (NLRB) to oversee the establishment and</td>
</tr>
<tr>
<td></td>
<td>operation of unions.</td>
</tr>
<tr>
<td>Taft-Hartley Act, 1947</td>
<td>Outlaws certain strike tactics, permits states to pass laws making union</td>
</tr>
<tr>
<td></td>
<td>shops illegal, and allows the President to delay a strike if it will</td>
</tr>
<tr>
<td></td>
<td>threaten the nation’s health and safety.</td>
</tr>
<tr>
<td>Landrum-Griffin Act, 1959</td>
<td>Increases government control over unions and guarantees union members certain</td>
</tr>
<tr>
<td></td>
<td>rights, such as freedom of speech in union activities and control over union</td>
</tr>
<tr>
<td></td>
<td>dues.</td>
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</table>

**The AFL**

Samuel Gompers established the American Federation of Labor and served as its president from 1886 to 1924. Among other causes, he fought for the eight-hour workday.

**Independent Practice**

**L1 Constructing a Time Line**

Have students work in small groups to create illustrated time lines of organized labor in the United States from the early 1800s to the present day. Suggest that students include 10 to 15 entries in their time lines. Also, point out that time lines should be constructed with sheets of butcher paper so that they may be displayed on the walls of the classroom.

**Guided Reading Activity 12-2**

**RECALLING THE FACTS**

Directions:

Use the information in your textbook to answer the questions.

1. Why do workers organize into labor unions?
2. What idea are labor unions based on?
3. In the 1800s, how did businesses try to stop labor unions?
4. What is the purpose of a strike?
5. How are craft and industrial unions organized?

**Cooperative Learning**

Organize students into several groups, and have groups use critical methods of inquiry to investigate the roles that women, African Americans, and other minority groups played in the development of the American labor movement. Have them use their findings to create a brochure that might accompany a museum exhibit on minorities and organized labor in the United States. Suggest that brochures include an overview of the exhibit and several exhibit items—paintings, pictures, charts, graphs—accompanied by explanatory captions. Have groups present their brochures.
May Day  In countries around the world, May 1—May Day—is celebrated as International Workers’ Day or Labor Day. One notable exception is the United States, where Labor Day is celebrated on the first Monday in September. May Day actually commemorates an event in American labor history. The American Federation of Labor (AFL) declared a national strike on May 1, 1886, to demand an eight-hour workday. Some 350,000 workers across the United States responded and struck. In the following years, this first major effort to win an eight-hour workday was marked by May Day celebrations in other countries.  

Global Economy

Improving Working Conditions Worldwide

Overseas factories drew attention in the 1990s after human-rights groups disclosed that clothing sold in Wal-Mart was produced in a Honduran sweatshop. The Vietnamese factory making Nike products was accused of having dangerous levels of chemicals. The White House convened manufacturers and human-rights groups in 1996 to address such abuses.

Since then, Nike and other companies have taken steps to improve conditions for workers. At Nike’s Vietnamese factory, for example, ventilation has been improved and workers are using a less toxic glue. Federal contractors are required to certify that no abusive child labor went into the goods they buy.

How Unions Are Organized

Organized labor operates at three levels: the local union, the national or international union, and the federation.

Local Unions  A local union consists of the members of a union in a particular factory, company, or geographic area. The local deals with a company by negotiating a contract and making sure the terms of the contract are kept. The influence that a local has often depends on the type of membership policy it has negotiated with management.

Not all local unions are alike. Membership requirements and the ways in which management relates to union members vary from one kind of shop to another. In a closed shop, companies could hire only union members. The Taft-Hartley Act of 1947 outlawed closed shops, however. In a union shop, a new employee must join the union after a specific period of time, usually three months. In an agency shop, employees are not required to join the union, but they must pay union dues.

Extending the Content

Attitudes Toward Unions  After years of being viewed negatively by many Americans, unions appear to be winning public support once again. A survey conducted in 1999 found that in the six years since 1993, negative attitudes toward unions dropped from 34 percent of the population to 23 percent. In the same period, positive attitudes toward unions showed a moderate rise. Among Americans aged 18–34, positive attitudes exceeded negative attitudes two to one. This approval among younger people, union leaders feel, bodes well for recruitment in the future.
Supporters of union shops and agency shops argue that employees in companies that are unionized should be required to pay union dues because they benefit from contracts the union negotiates. Opponents believe that a person should not be required to join a union. Since 1947 a number of states, as shown in Figure 12.8, have passed right-to-work laws that forbid union shops. These laws allow workers to continue working in a particular job without joining a union. The benefits negotiated by the union must be made available to all workers. Right-to-work states are found in the South and West.

**States With Right-to-Work Laws**

*Figure 12.8*

Source: National Right to Work Organization

**AFL-CIO members**

**Right-to-Work State**

**Visual Instruction**

**FIGURE 12.8**

States With Right-to-Work Laws

**Meeting Lesson Objectives**

Assign Section 2 Assessment as homework or an in-class activity.

Use Interactive Tutor Self-Assessment Software to review Section 2.

**Section Quiz 12–2**

**Unions and Wages**

Economists have tried to evaluate the economic impact of unions by looking at wages in unionized and nonunionized industries. Several studies found that union workers received wages that were 10 to 17 percent higher than those of nonunion workers. However, most economists do not feel that unions have driven up the overall level of wages in the economy. In other words, businesses are not paying wage rates higher than they can bear. Union workers’ higher wages, then, come not at the expense of businesses but at the expense of the wages of nonunion workers. **ECON: 19B, 23A**

**Relevant Issues in Economics**
available to workers who do not join the union. Unions have less power in states with right-to-work laws than in other states.

**National Unions** Above the locals are the national unions. These organizations are the individual craft or industrial unions that represent locals nationwide. Those unions that also have members in Canada or Mexico are often called international unions.

National unions send in organizers to help employees organize campaigns to set up locals. To help in negotiating a contract between a local and a particular company, the nationals provide lawyers and other staff members. In certain industries such as steel and mining, the national union negotiates the contract for the entire industry. After the majority of union members accept the contract, all the locals within the industry must work under the contract. Some of the largest unions are the International Brotherhood of Teamsters, the United Automobile Workers (UAW), and the United Steelworkers of America (USW).

**Federation Level** At the federation level is the AFL-CIO, which is made up of national and international unions. More than 70 unions with about 13 million members are associated with the AFL-CIO.

**Reading Essentials and Study Guide 12–2**

**Organized Labor**

**Key Terms**

- Labor union: Association of workers organized to improve wages and working conditions for its members.
- Strike: Deliberate work stoppage by workers to force an employer to give in to their demands.
- Craft union: Union made up of skilled workers in a specific trade or industry.
- Industrial union: Union made up of all workers in an industry regardless of their job or skill level.
- Local union: Members of a union in a particular factory, company, or geographic area.
- Closed shop: Company in which only union members may be hired.
- Union shop: Company that requires new employees to join a union after a specific period of time.
- Agency shop: Company in which employees are not required to join a union, but must pay union dues.
- Right-to-work laws: State laws forbidding unions from forcing workers to join and pay union dues.

**Understanding Key Terms**

1. Define labor union, strike, craft union, industrial union, local union, closed shop, union shop, right-to-work laws.

**Reviewing Objectives**

2. What obstacles did labor unions face when they began to organize in the 1800s?
3. Graphic Organizer Create a chart like the one below to summarize the differences among closed shops, union shops, and agency shops.

<table>
<thead>
<tr>
<th>Type of Union</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed shop</td>
<td>Employees are not required to join the union, but must pay union dues.</td>
</tr>
<tr>
<td>Union shop</td>
<td>Norris-LaGuardia Act ++; Wagner Act ++; Taft-Hartley Act –; Landrum-Griffin Act 0</td>
</tr>
<tr>
<td>Agency shop</td>
<td>See map on page 325 for right-to-work states. Unions have less power in areas where there are right-to-work laws.</td>
</tr>
</tbody>
</table>

**Critical Thinking Activity**

5. Synthesizing Information According to Figure 12.8 on page 325, is your state a right-to-work state? How do right-to-work laws affect unions? Do you agree or disagree with right-to-work laws? Explain your answer.

**Assessment Answers**

1. All definitions can be found in the Glossary.
2. State laws outlawed unions; businesses refused to hire union members or to deal with union representatives, and often fired and blacklisted union organizers.
3. Closed: companies may hire only union workers; union: new employees must join the union after a set period of time, usually three months; agency: employees are not required to join the union, but must pay union dues.
Walter Reuther ranks among the greatest American labor leaders of the twentieth century. A driving force in the union-organizing movement of the 1930s and 1940s, he was the first union leader to negotiate for, and win, benefits that workers today take for granted—cost-of-living raises, pension plans, employer-funded health insurance, and profit sharing. Reuther was also deeply involved in the civil rights and environmental movements. As another union leader noted, “Walter Reuther was on the front lines of the battle for a better world.” In the excerpt below, Reuther explains his philosophy of unionism:

“My main point is that the labor movement is about that problem we face ‘tomorrow morning’ . . . The guys have a right to expect the labor movement to deal with that problem. I can’t give them some philosophical baloney and say: Well, fellows, you know we’re operating way up here in the stratosphere and you shouldn’t get excited about these little problems that are bothering you every morning.

But to make that the sole purpose of the labor movement is to miss the main target. The labor movement is about changing society. I mean, I don’t think I am eloquent when I say to a guy: What good is a dollar an hour more in wages if your neighborhood is burning down? What good is another week’s vacation if the lake you used to go to, where you’ve got a cottage, is polluted and you can’t swim in it and the kids can’t play in it? What good is another $100 pension if the world goes up in atomic smoke?”

Checking for Understanding

1. What do you think Reuther meant by the “little problems that [bother workers] every morning”?
2. What did Reuther think was the main “target” of the labor movement?

Answers to Checking for Understanding

1. Answers may vary. Most students will suggest such problems as paying the bills and making sure families have enough to eat.
2. Reuther thought the main target of unions was to change society.

Background

Point out that Walter Reuther was a leader in the Democratic Party, and he served as an adviser to Democratic presidents from Franklin Roosevelt to Lyndon Johnson. Reuther was especially influential during Johnson’s administration. He played a major role in the passage of the Civil Rights Act of 1964 and in the development of Johnson’s War on Poverty program. 

ECON: 19B

Teach

After students read the excerpt, underscore that Reuther strongly believed that unions should work to improve society as a whole. ASK: Do you think that unions should be involved in social issues such as civil rights and the environment, or do you think that they should limit their actions to workplace issues such as hours and wages? Encourage students to explain their responses. 

ECON: 23D
**Collective Bargaining**

**Cover Story**

*The New York Times, June 30, 1998*

In a move that could lead to the first work stoppage in National Basketball Association history, the 29 league owners Monday agreed to lock out the players and suspend all league business until the two parties sign a new labor agreement.

The lockout will begin at midnight Tuesday night, when the current collective bargaining agreement expires. With no negotiations planned and several major economic issues to be resolved, next season may not start on time.

**Collective bargaining**, as mentioned above, is the process by which unions and employers negotiate the conditions of employment. At the center of the collective bargaining process is compromise. The company wants to keep wages and benefits low to hold its labor costs down and remain competitive in the market. The union wants to increase wages and benefits for its members as much as possible. As you read this section, you'll learn that both sides must be prepared to give and take a little.

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**Terms to Know**

- collective bargaining
- cost-of-living adjustment (COLA)
- mediation
- arbitration
- picketing
- boycott
- lockout
- injunction

**Reading Objectives**

1. What are the major issues over which union contracts are negotiated?
2. What workers’ actions and management responses may accompany a strike?
3. How has collective bargaining in the United States changed in recent years?

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**Overview**

Section 3 describes the basic features of collective bargaining and explains how unions have declined in recent years.

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**Reproducible Masters**

- Reproducible Lesson Plan 12–3
- Reading Essentials and Study Guide 12–3
- Guided Reading Activity 12–3
- Section Quiz 12–3
- Daily Focus Activity 40
- Daily Lecture Notes 12–3

**Multimedia**

- Daily Focus Transparency 40
- Vocabulary PuzzleMaker CD-ROM
- Interactive Tutor Self-Assessment Software
- ExamView® Pro Testmaker
- MindJogger Videoquiz
- NBR’s Economics & You
- Presentation Plus!
Negotiations

Negotiations take place when labor and management meet to discuss in detail a wide range of contract issues. Figure 12.9 on page 330 lists the most important issues that labor and management may negotiate, including working hours, fringe benefits, and a cost-of-living adjustment (COLA). In most cases, negotiations are friendly and result in an agreement that satisfies all parties.

Mediation

If negotiations become hostile or compromise breaks down, labor and management may try mediation. Mediation occurs when a neutral person tries to get both sides to reach an agreement. The mediator suggests possible solutions and works to keep the two sides talking with each other.

The federal government, through the Federal Mediation and Conciliation Service (FMCS), provides a mediator free of charge upon request of either union or management. In a typical year, FMCS mediators are involved in thousands of negotiations. A number of state and private mediators also help resolve disputes.

Arbitration

If mediation fails, the negotiation process may go one step further to arbitration. In arbitration, the two sides submit the issues they cannot agree on to a third party for a final decision. Both sides agree in advance to accept the arbitrator’s decision, although one or both sides may not be completely happy with the outcome. The FMCS often helps in these cases by providing labor and management with a list of private arbitrators in their area.

 Strikes and Management

Most contracts are settled at the bargaining table. Sometimes, however, negotiations break down and a strike results. The number of strikes in the United States has declined sharply since the 1970s, as shown in Figure 12.10 on page 331.

Strikers usually walk up and down in front of their workplace carrying picket signs that state their disagreement with the company. Picketing is meant to discourage workers from crossing the picket line to work for the employer. It is also aimed at embarrassing the company and building public support for the strike.

The American Labor Force

 picketing: action of strikers who walk in front of a workplace carrying signs that state their disagreement with the company

cost-of-living adjustment (COLA): provision calling for an additional wage increase each year if the general level of prices rises

mediation: a neutral person tries to get both sides to reach an agreement during negotiations

arbitration: union and management submit the issues they cannot agree on to a third party for a final decision

L1 Illustrating Ideas

Review the text on collective bargaining with students. Ensure that students understand that when conflicts arise between labor and management, mediation and arbitration may be used to find compromises. Then ask students to create a flowchart showing the collective bargaining process. Call on volunteers to display and explain their flowcharts.

ECON: 23A-B, 23D, 24C-D

Meeting Special Needs

Learning Disability

To help learning disabled students, illustrate the importance of headings and subheadings for understanding the framework of each section. Model student use by asking questions such as: “What would I do if I wanted to know what each section was about?” For Section 3 read: Negotiations, Mediation, Arbitration; Strikes and Management, Lockouts, Injunctions; and so on. Ask students to rephrase each set of headings using complete sentences. ECON: 23A, 24B

Refer to Inclusion for the Social Studies Classroom Strategies and Activities for students with different learning styles.
CHAPTER 12
SECTION 3, Pages 328–333

L2 Understanding Ideas  On the board, write the title “Unions.” Under the title, draw a two-column chart with “Supporters’ Views” and “Critics’ Views” as column headings. Call on students to come to the board and enter in the chart information on how unions are viewed today. Have students analyze this information to write a brief essay titled, “Unions Today: Pros and Cons.” Have several students read their essays to the class.

ECON: 19B, 23A, 23C, 23F, 24C-D

Have students review the information in Figure 12.9. Then lead them in a discussion of the following questions: How would you rank these issues in order of importance if you represented labor? How would you rank them if you represented management? If you represented labor, which of these issues would you be willing to give the most ground on and why? If you represented management, which of these issues would you be willing to give the most ground on and why? Conclude by pointing out that collective bargaining involves such decisions.

ECON: 19B, 23A

Inform students that in recent years, the AFL-CIO and its affiliated unions have made great efforts to recruit new members. Then organize students into several groups, and have groups research how union recruiting methods have changed recently. Suggest that they consider such questions as: Have unions increased spending on recruiting? If so, by how much? Do unions use different recruiting tactics than they did in the past? Are unions aiming recruiting drives at different segments of the working population than they did in the past? Direct groups to use library resources and the Internet in their research. If possible, they might also interview union representatives. Have groups present their findings in oral reports.

Cooperative Learning

ECON: 19B, 23A, 23C, 24C-D

FIGURE 12.9 Union Contract Issues

<table>
<thead>
<tr>
<th>Issue</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>Most contracts provide for wage increases of a certain percentage for each worker during each year of the contract. Some contracts also provide for an additional increase each year if the general level of prices in the economy rises beyond a certain amount. This provision is known as a cost-of-living adjustment.</td>
</tr>
<tr>
<td>Working Hours</td>
<td>The contract establishes the number of hours a day that employees must work. Employees who work longer hours must usually be paid extra wages, called overtime pay.</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>Fringe benefits are payments other than wages made to employees. These can include health and life insurance, a retirement plan, and time off for vacations and holidays.</td>
</tr>
<tr>
<td>Working Conditions</td>
<td>Contracts often provide for a joint union and management committee to ensure that safe and pleasant working conditions exist. Working conditions are a particularly important issue to employees in industries that deal with poisonous substances or dangerous machinery.</td>
</tr>
<tr>
<td>Job Security</td>
<td>At issue under job security is protection against layoffs because of technological change or a slowdown in business. Most contracts do not forbid layoffs, but rather set up rules that the employer must follow when laying off workers. For example, those with the least seniority—amount of time spent with the company—are usually laid off first.</td>
</tr>
<tr>
<td>Grievance Procedures</td>
<td>Grievance procedures are a set of formal rules used to resolve a dispute between union members and management. A grievance, or complaint, may be filed if one side feels that the other is not living up to the terms of the contract. If the union and the company cannot settle the grievance, a third party will often be asked to judge the matter objectively.</td>
</tr>
</tbody>
</table>
Striking unions may also use a boycott to exert more economic pressure against a firm. In a **boycott**, unions urge the public not to purchase goods or services produced by a company. In addition, unions may ask politicians to push management for a settlement or to publicly support the union’s demands.

Strikes can drag on for months and even years. After a long period of time, strikers sometimes become discouraged. Some may decide to go back to work without gaining what they wanted. In most cases, however, strikes are settled as management and labor return to the negotiating table and work out an agreement.

**Lockouts** When faced with a strike, management has methods of its own to use against strikers. One is the **lockout**, which occurs when management prevents workers from returning to work until they agree to a new contract. Another tactic is to bring in strikebreakers, called **scabs** by strikers. These are people willing to cross a picket line to work for the terms the company offers.

---

**Figure 12.10**

** Strikes** Compare the trend in strikes with what is happening in union membership. **How do you think the two are related?**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Strikes</td>
<td>400</td>
<td>300</td>
<td>200</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Source:** Standard & Poor’s

For an online update of this graph, visit [tx.ett.glencoe.com](http://tx.ett.glencoe.com) and click on *Textbook Updates—Chapter 12*.

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**Free Enterprise Activity**

Have students role-play a labor-management dispute that must be mediated. Select three students to act as mediators, and have them research conflict resolution methods used in mediation. Then select six students—three to act as union representatives and three to act as management representatives—and have them draw up opposing positions regarding wages, working conditions, and health benefits. Have the mediators implement a solution acceptable to both labor and management. Have the rest of the class evaluate the effectiveness of the solution, noting what each side lost and gained.

**Guided Reading Activity 12-3**

**Collective Bargaining**

**Outlining**

Directions:
Locate the heading in your textbook. Then use the information under the heading to help you write each answer.

I. Negotiations
   A. Introduction
      1. When do negotiations take place?
      2. What types of things do labor and management negotiate?
   B. Mediation—Why is mediation sometimes necessary in negotiations?
   C. Arbitration—How does arbitration work?

II. Strikes and Management
   A. Introduction
      1. What is the purpose of picketing?
      2. What is the purpose of lockouts?
      3. What is the purpose of scabs?

---

**Independent Practice**

L2 **Radio News Reports** Have students research a recent strike in their state. Have them note the reasons for the work stoppage, the procedures used to end the dispute, and the resolution. Have students present their findings in the form of a radio news report lasting two to three minutes. Call on volunteers to “broadcast” their reports to the class.

**Visual Instruction Figure 12.10**

**Answer:** Most students will suggest that as union membership declines, so too will the numbers of strikes, because with fewer unionized workers there are fewer workers to respond to union calls for work stoppages.

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**Student Edition TEKS**

Page 330: 19B, 23A, 23F, 24A
Page 331: 19B, 23A, 23D, 23F-G, 24A
Injunctions

Management sometimes requests a court injunction to limit picketing or to prevent a strike from continuing or even occurring. An injunction is a legal order of a court preventing some activity.

Decline of Unions

The establishment of the AFL in 1886 is considered the beginning of the modern union era. Since that time, unions have achieved many of their goals. Union supporters list among their accomplishments better wages and working conditions for all employees—union and nonunion. They point out that many workers...
now enjoy a sense of security that helps to maintain some control over their jobs and lives.

Union supporters also note that the collective bargaining process has brought more order and fairness to the workplace. It has made clear the rights and responsibilities of both management and labor. Because working conditions have improved so dramatically over the years, nonunion workers often see little to gain from joining a union. Figure 12.11 shows how much union membership has declined since the 1940s. In addition, the nature of the economy itself is changing. More jobs are opening in the white-collar and service sectors, whereas blue-collar jobs are decreasing due to automation.

Critics The labor movement also has its critics. Some opponents charge that unions have grown so large and bureaucratic that they are out of touch with their members’ needs. Others claim that increased wages are passed on to consumers in the form of higher prices.

Employers often argue that union rules decrease productivity. They point to rules that slow the introduction of new technology or require more employees than necessary to do a job. In addition, corruption among some labor leaders has damaged the reputation of organized labor with the public.

1. Define collective bargaining, cost-of-living adjustment (COLA), mediation, arbitration, picketing, boycott, lockout, injunction.

2. Graphic Organizer Create a chart like the one below to list and describe the major issues over which union contracts are negotiated.

<table>
<thead>
<tr>
<th>Issue</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Students’ answers should include the information found in Figure 12.9 on page 330.</td>
</tr>
<tr>
<td>3.</td>
<td>Workers: picketing, boycotts; management: lockouts, strikebreakers, injunctions.</td>
</tr>
<tr>
<td>4.</td>
<td>It has declined due to the decline in union membership.</td>
</tr>
</tbody>
</table>

4. How has collective bargaining in the United States changed in recent years?

5. Labor Unions What is your opinion of the influence of unions today? How is your opinion similar to or different from the information given in the text concerning the decline of unionism?

Critical Thinking Activity

6. Making Generalizations Write two newspaper accounts of a fictional local strike. One account should be from the perspective of a union member. The other account should be written from the standpoint of management.

Reteach

To help students understand collective bargaining procedures and the decline of unions, have them develop an annotated outline of Section 3. **ECON: 23A**

4 Close

Have students speculate on how issues between unions and management might be handled other than through collective bargaining. **ECON: 23A, 23D**

**Student Edition TEKS**

**Page 332:** 15A-B, 19B, 23A, 23F-G, 24A

**Page 333:** 2A, 19B, 23A, 23D, 23F, 24A-B, 26A
Using Library Resources

Read through the list of resources—providing actual examples, if possible—and note the types of information that each provides. Inform students that these resources usually can be found in the reference section of the library. Then point out that the reference library has one more very useful resource—the librarian. Asking the librarian for guidance can save a great deal of time if students are researching a topic they know little about.

Work through the questions in the Practicing the Skill section, making sure that students understand why certain resources are more appropriate for locating particular kinds of information. Finally, assign the Application Activity.

Using Library Resources

Libraries contain many resources. Listed on the left are brief descriptions of important ones.

Learning the Skill

Libraries contain many resources. Listed on the left are brief descriptions of important ones.

Practicing the Skill

Suppose you are assigned a research report dealing with the famous labor leaders Samuel Gompers and Eugene V. Debs. Read the questions below, then decide which of the sources described on the left you would use to answer each question and why.

1. During which years did the men lead their unions?
2. What were the most famous labor actions each dealt with?
3. How did the public react to the labor unions’ activities?
4. What benefits do we enjoy today as a result of these two labor leaders?

Application Activity

Using library resources, research the origins and important leaders of the American Federation of Labor. Present the information you find to the class.

Answers to Practicing the Skill

1. Biographical dictionary or encyclopedia—these sources would provide a quick method of finding this specific information. An almanac might also reveal this information.
2. Card catalog or computer database—these sources would provide titles of books in which this broad information might be included.
3. Periodical guides might direct researchers to articles on this subject.
4. Card catalog, computer database, or periodical guides would be best to find information on this specialized information.

Application Activity

Encourage students to identify the resources they used and why.
The American Labor Force

Americans at Work
- The **civilian labor force** is the total number of people 16 years old or older who are either employed or actively seeking work.
- Workers in the United States are categorized according to the type of work they perform—**blue-collar**, **white-collar**, or **service worker**.
- Another way to categorize workers is by the skills required to perform their occupation—**unskilled**, **semiskilled**, **skilled**, or **professional**.
- Three major factors—skill, type of job, and location—affect how supply and demand determine prices, or in this case wages, in the labor market.
- Factors that restrict supply and demand in terms of their influence on wages include **minimum wage laws** and organized labor.

Organized Labor
- A **labor union** is an association of workers organized to improve wages and working conditions for its members.
- Workers began to form unions to force employers to improve working conditions, shorten the workday, and end child labor.

Collective Bargaining
- **Collective bargaining** is the process by which unions and employers negotiate the conditions of employment.
- Labor and management may negotiate working hours, wages, fringe benefits, and a **cost-of-living adjustment (COLA)**.
- If negotiations become hostile or compromise breaks down, labor and management may try **mediation** or **arbitration**.
- Striking unions may use **picketing** or a **boycott** to exert economic pressure against a firm.
- When faced with a strike, management may use a **lockout** or an **injunction** against strikers.
- The percentage of union members among the labor force reached a high in the mid-1940s and has been declining since 1955.

Categories of Workers
- Over a one-week period, have students keep note of the employed people with whom they come into contact. Students should record the jobs these people do. Next to each job, have students classify it as unskilled, semiskilled, skilled, or professional. At the end of the recording period, have students select one of the jobs they listed. Direct them to interview the people who do these selected jobs. Interview questions should include: How did you get this job? What skills or special knowledge did you need to get hired? What skills or special knowledge did you need to acquire on the job? What do you see in the future for your job? Have students write a brief report summarizing their findings.

Economics Journal

Summary

**ECONOMICS Online**

Visit the Economics Today and Tomorrow Web site at tx.ett.glencoe.com and click on Chapter 12—Chapter Overviews to review chapter information.

**SECTION 1** Americans at Work
- The **civilian labor force** is the total number of people 16 years old or older who are either employed or actively seeking work.
- Workers in the United States are categorized according to the type of work they perform—blue-collar, white-collar, or service worker.

**SECTION 2** Organized Labor
- A **labor union** is an association of workers organized to improve wages and working conditions for its members.
- Workers began to form unions to force employers to improve working conditions, shorten the workday, and end child labor.

**SECTION 3** Collective Bargaining
- **Collective bargaining** is the process by which unions and employers negotiate the conditions of employment.
- Labor and management may negotiate working hours, wages, fringe benefits, and a cost-of-living adjustment (COLA).
- If negotiations become hostile or compromise breaks down, labor and management may try mediation or arbitration.
- Striking unions may use picketing or a boycott to exert economic pressure against a firm.
- When faced with a strike, management may use a lockout or an injunction against strikers.
- The percentage of union members among the labor force reached a high in the mid-1940s and has been declining since 1955.

Preview/Review

- Vocabulary PuzzleMaker CD-ROM reinforces the key terms used in Chapter 12.
- Interactive Tutor Self-Assessment Software allows students to review Chapter 12 content.

Condense

- Have students listen to the Chapter 12 Audio Program (also available in Spanish) in the TCR. Assign the Chapter 12 Audio Program Activity and give students the Chapter 12 Audio Program Test.

Reteach

- Have students complete Reteaching Activity 12 in the TCR (Spanish Reteaching Activities are also available).
Identifying Key Terms

Identify the letter of the definition in Column B that correctly defines each term in Column A.

**Column A**
1. unskilled workers
2. agency shop
3. arbitration
4. injunction
5. right-to-work law
6. closed shop
7. boycott

**Column B**
a. company in which employees are not required to join a union but must pay union dues
b. refusal to purchase the goods and services of a company
c. court order preventing some activity, often a strike
d. those having no special training in job-related skills
e. procedure for settling undecided issues between labor and management by giving them to a third party for a final decision
f. company in which only union members could be hired (now illegal)
g. forbids contracts that require employees to join a union

Recalling Facts and Ideas

**Section 1**
1. Which category of worker has a higher-education degree as well as additional training?
2. What is the difference between blue-collar and white-collar workers?
3. What factors determine how much a person is paid for his or her work?

**Section 2**
4. What are the major kinds of labor unions?
5. What two union federations merged in 1955?
6. How do right-to-work laws affect workers who do not belong to unions?

**Section 3**
7. Wages are one of the most important major issues in collective bargaining negotiations. What are other important issues?
8. If management and labor have reached a bargaining deadlock, they may try to engage in mediation. If mediation fails, what is the next possible “friendly” step?
9. What do union workers do when they go on strike?
10. What has been the most recent trend in the importance of labor unions in America?

Thinking Critically

1. Answers may vary, but students should mention that employers compete with one another for better-educated workers by offering higher wages and fringe benefits.
Thinking Critically

1. Determining Cause and Effect Explain why workers with more education and training generally get paid higher wages.

2. Predicting Consequences Create a diagram like the one below to explain the factors that may cause a decline in union membership in the future.

Applying Economic Concepts

Economic Costs and Benefits There are costs and benefits for every activity. Strikes are no exception. Many workers believe that the benefits exceed the costs or they would not strike. List the benefits to workers of going on strike. Then list the costs of going on strike.

Reviewing Skills

Using Library Resources Use library resources to research one of the following labor strikes: Baltimore & Ohio Railroad Workers, 1877; Haymarket Riot, 1886; Homestead Strike, 1892; Pullman Strike, 1894; Anthracite Coal Strike, 1902; Textile Strike in Lawrence, Massachusetts, 1912; Ludlow Massacre in Ludlow, Colorado, 1914. Write a report describing the people or groups involved, the conditions that led to the incident, what happened, and the conclusion.

Cooperative Learning Project

Analyze the data that follow for the number of unemployed persons over a five-year period. Working in groups, compute the mean average number of unemployed.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Unemployed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>7,236,000</td>
</tr>
<tr>
<td>1997</td>
<td>6,739,000</td>
</tr>
<tr>
<td>1998</td>
<td>6,210,000</td>
</tr>
<tr>
<td>1999</td>
<td>5,880,000</td>
</tr>
<tr>
<td>2000</td>
<td>5,655,000</td>
</tr>
</tbody>
</table>

Now compute the median average unemployment rate for the seven years listed below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>6.1</td>
</tr>
<tr>
<td>1995</td>
<td>5.6</td>
</tr>
<tr>
<td>1996</td>
<td>5.4</td>
</tr>
<tr>
<td>1997</td>
<td>4.9</td>
</tr>
<tr>
<td>1998</td>
<td>4.5</td>
</tr>
<tr>
<td>1999</td>
<td>4.2</td>
</tr>
<tr>
<td>2000</td>
<td>4.0</td>
</tr>
</tbody>
</table>

For help in determining averages, see page xx in the Economic Handbook.

Technology Activity

Using a Spreadsheet Keep track of the employed individuals with whom you come into contact over a one-week period. Write down the types of jobs they do. Then use these jobs as the basis of a spreadsheet showing the training, average salary, and prospects for growth for each job. Use the Internet or sources such as the Occupational Outlook Handbook or O*Net to find this information.

Cooperative Learning Project

Declining Union Membership

France’s trucking union struck in 1997, parking their vehicles on roads and highways leading into Paris. Research and report on the reasons for the strike, how long it lasted, the effect on the economy of Paris, and the result of the strike.

Applying Economic Concepts

Benefits: winning strike demands—higher wages, more fringe benefits, better working conditions, more job security, grievance procedures that favor workers, and so on. Costs: loss of wages and other benefits, and possible loss of job if strike is not settled; negative publicity because of the strike; actions of management—lockouts, injunctions, use of strikebreakers.

2. Answers may include: Workers today receive better wages and have better working conditions than in the past; more jobs are opening in the white-collar and service sectors, which have fewer unions; more people are working at home.

Chapter Bonus Test Question

ASK: What is the major difference between mediation and arbitration? In mediation, the decision reached is not binding on the two parties. In arbitration, the decision is binding—the parties must accept it. ECON: 23A

Student Edition TEKS

Page 336: 19B, 24A,
Page 337: 5B, 19B, 23A, 23C, 23F-G, 24B-D, 27A
Focus on Free Enterprise

1 Focus

Inform students that today eBay is the largest online auction house in the world, and Pierre Omidyar and its other principal officers are among the world’s richest business executives. **ECON: 19D**

2 Teach

Ask students who have taken part in a silent auction to describe how this kind of sale takes place. (The item is shown, and bidders write their bids—there is usually a minimum starting bid and minimum bid raises. After a set period of time, the highest bidder takes the item.) Then point out that this, essentially, is how eBay works—except that the auctions take place online. **ECON: 23A**

Did You Know

In 2001, the “oldest known” pair of Levi’s® jeans in existence was sold on eBay—for $46,532.00. The purchaser of the jeans, which date from the 1880s, was the Levi Strauss & Co. **ECON: 48**

Focus on Free Enterprise

eBay, Inc.

One night in 1995, while Pierre Omidyar and his fiancée were having dinner, the subject of Pez™ dispensers came up. She was an avid collector of these colorful little candy servers. Where, she wondered, might she meet people with a similar passion to talk and trade? Omidyar, a pioneer of online commerce, knew the place—the Internet.

The Online Auctioneer

Omidyar’s idea was fairly simple: set up a Web site where people with similar interests could buy and sell unique items—the equivalent of an Internet flea market. The site—called eBay—opened in September 1995. A few days later, eBay held its first auction.

An eBay auction follows a set pattern. First, a seller places a description of the item to be sold, often accompanied by photographs, on the Web site. Next, buyers check in and make bids on the item. After a set period of time, usually three to seven days, the auction is closed and the item goes to the highest bidder. eBay earns its revenues by charging customers fees and commissions.

Slow Start

At first, business was slow. Just 10 people registered to use eBay’s services in 1995. In time, however, more and more people visited the Web site, attracted by the opportunity of finding a bargain. In 1996, eBay made a profit of $150,000. By 1998, profits hit $2.4 million.

The eBay Way of Life

Members of the eBay community can meet in chat rooms provided by the company to discuss common interests and concerns. Sometimes, this has resulted in eBay users from the same geographical area getting together to do charitable or political work. **ECON: 21A, 27A**

Pierre Omidyar and Meg Whitman

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eBay’s success was no accident, mostly due to people Omidyar recruited to run the company. He hired Meg Whitman as chief executive officer of eBay in 1998. Today she is the richest female CEO in the world.

eBay has about 30 million registered customers. It has hurled past being an auction room for Pez™ dispensers and other odd collectibles. It now offers millions of items in thousands of categories—everything from Star Wars™ toys to antique pottery.

The eBay “Community”

Each day, eBay hosts millions of online auctions. In 2000, these transactions added up to more than $5 billion. The close interaction that takes place between buyers and sellers during these auctions has helped to create a sense of community among eBay users. In fact, eBay has become a way of life for many.

Ironing Out Some Wrinkles

With so much activity, it is not surprising that eBay has experienced some instances of fraud. eBay’s management, however, has established a system called Safe Harbor to protect buyers from fraudulent transactions. It offers such services as product authentication and transaction insurance. Also, through Safe Harbor feedback, members can report on their experiences during auctions. Any person who receives a poor feedback rating may be “vaporized”—expelled from eBay.

Expanded Services

eBay offers other services in addition to online auctions. Through eBay Professional Services, small businesses can find professionals and freelancers for a variety of business needs, including Web design, accounting, writing, and technical support.

eBay Premier is a specialty site featuring fine art, antiques, and rare collectibles from leading auction houses and dealers around the world.

eBay Motors, the largest online auction-style marketplace for buying and selling vehicles, also provides online services such as financing, auto insurance, title and registration, and even a lemon check!

Through eBay, consumers can now bid on items being sold on the sales floor of the world’s leading auction houses. Through this service, called Live Auctions, traditional auctioneers can reach millions of potential buyers online. Buyers gain easy access to exclusive, high-end property while sitting in their homes or offices.

Answers to Free Enterprise In Action

1. There is a great deal of activity on the Web site, and with users essentially acting on the honor system, some fraud is possible. eBay established a system called Safe Harbor, which offers such services as product authentication and transaction insurance. Also, through Safe Harbor feedback, members can report on their experiences during auctions. Any person who receives a poor feedback rating may be expelled from eBay.

2. It has expanded the services it offers, moving into professional services, luxury items, and vehicles.