
Calvin William Sharpe

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INTRODUCTION

Calvin William Sharpe*

TODAY, grievance arbitration is the cornerstone of dispute resolution under collective bargaining agreements. In 1987, labor arbitrators decided approximately 13,400 cases involving public and private sector labor contracts. There are more than 1,000 arbitrators who decide contractual issues that management and union representatives are unable to resolve bilaterally. The over-

* Professor of Law, Case Western Reserve University School of Law; B.A., Clark College (1967); J.D., Northwestern University School of Law (1974); Arbitrator; Member of Labor Panels for the American Arbitration Association, Federal Mediation and Conciliation Service, Ohio State Employment Relations Board and various collective bargaining agreements.

1. A BNA survey of collective bargaining agreements indicates that 100 percent of the contracts contain a grievance procedure and 99 percent of the contracts contain arbitration clauses. 2 Collective Bargaining Negot. & Cont. (BNA) 51:1, :5 (Feb. 27, 1986).

2. Arbitrators appointed by the Federal Mediation and Conciliation Service (FMCS) in 1987 issued 4,145 awards in grievance cases. J. MYERS, ARBITRATION STATISTICS FOR 1986 AND 1987 (statistics issued by Jewell L. Myers, Director for Arbitration Services, Federal Mediation and Conciliation Service). Arbitrators appointed by the American Arbitration Association (AAA) closed 9,237 cases. Although some of these cases were settlements the vast majority of them were closed by awards. Telephone interview with Frank Zotto, Associate Vice President for Case Administration, American Arbitration Association (Dec. 30, 1988) [hereinafter Zotto Interview]. To this number must be added the uncertain number of arbitrators who decide cases by direct appointments.

3. The AAA’s Labor Panel lists approximately 3,500 arbitrators; however, less than half of these arbitrators decided all of the cases conducted under AAA auspices in 1987. Furthermore, the following statistical breakdown indicates that less than 10% of the panel members decided more than 70% of the cases.

<table>
<thead>
<tr>
<th>No. of Cases Decided</th>
<th>No. of Arbitrators</th>
<th>(% age)</th>
<th>No. of Cases</th>
<th>(% age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>335</td>
<td>(30%)</td>
<td>335</td>
<td>(4%)</td>
</tr>
<tr>
<td>2-10</td>
<td>537</td>
<td>(48%)</td>
<td>2247</td>
<td>(24%)</td>
</tr>
<tr>
<td>11-20</td>
<td>130</td>
<td>(12%)</td>
<td>1891</td>
<td>(20%)</td>
</tr>
<tr>
<td>21-30</td>
<td>62</td>
<td>(5%)</td>
<td>1561</td>
<td>(17%)</td>
</tr>
<tr>
<td>31-40</td>
<td>29</td>
<td>(3%)</td>
<td>1043</td>
<td>(11%)</td>
</tr>
<tr>
<td>41-50</td>
<td>14</td>
<td>(1%)</td>
<td>636</td>
<td>(7%)</td>
</tr>
<tr>
<td>51+</td>
<td>23</td>
<td>(2%)</td>
<td>1524</td>
<td>(17%)</td>
</tr>
<tr>
<td>TOTALS</td>
<td>1130</td>
<td>(101%)</td>
<td>9237</td>
<td>(100%)</td>
</tr>
</tbody>
</table>

Percentages are rounded to the nearest percentage point.
Zotto Interview, supra note 2.
The overwhelming majority of these arbitration awards are issued by a single arbitrator selected on an ad hoc basis by the parties, or from lists of arbitrators supplied by either the American Arbitration Association or the Federal Mediation and Conciliation Service. Six-hundred and ninety-five of the total pool of arbitrators belong to the National Academy of Arbitrators—a professional association of arbitrators dedicated to advancing the theory and practice of labor arbitration.

The modern grievance arbitration case is at the pinnacle of a pyramid of procedures that encourage pre-arbitral, bilateral settlements. Failing early resolution, the parties typically prepare

The following FMCS statistics for 1987 are comparable.

<table>
<thead>
<tr>
<th>No. of Awards</th>
<th>Fiscal Year 1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>310</td>
</tr>
<tr>
<td>2-5</td>
<td>415</td>
</tr>
<tr>
<td>6-10</td>
<td>136</td>
</tr>
<tr>
<td>11-15</td>
<td>53</td>
</tr>
<tr>
<td>16-20</td>
<td>22</td>
</tr>
<tr>
<td>21-25</td>
<td>8</td>
</tr>
<tr>
<td>26-30</td>
<td>8</td>
</tr>
<tr>
<td>31-35</td>
<td>2</td>
</tr>
<tr>
<td>36+</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>954</td>
</tr>
</tbody>
</table>

J. MEYERS, supra note 2. There is a substantial overlap between the lists of arbitrators maintained by the FMCS and the AAA.

5. Interview with Paul Gerhart, member of the National Academy of Arbitrators (Dec. 31, 1988). Because of the minimum case admission standards, NAA members also tend to have the highest acceptability among arbitrators.
6. A BNA survey indicates that the most common one is a three-step procedure. The first step requires the employee to submit a timely written grievance to his immediate supervisor, either alone or in the presence of a union representative. Typically, management must respond at this step in writing within the timetable established in the procedure. Many contracts permit unions and management, as well as employees, to file grievances, and the majority of contracts permit the special handling of certain kinds of grievances through expedited procedures. At the second step, mid-level union representatives, such as members of an in-company grievance procedure or a shop steward, and company representatives, such as industrial relation personnel, typically handle the grievance. At the final step, the union's international representatives and industrial relations directors are the most common representatives. 2 Collective Bargaining Negot. & Cont. (BNA) 51:1:-4 (Feb. 27, 1986).
testimonial and documentary evidence for a hearing before the arbitrator. As in the average administrative law case, this evidence is sandwiched between opening statements and closing arguments that place each party’s best gloss on the evidence. The hearing typically accords the parties, including the individual grievant, access to relevant evidence, the opportunity to be present at the hearing, the right to have representation and to call and cross-examine witnesses, as well as other safeguards required by the right to due process. The arbitrator’s award is usually binding and in writing, and typically contains a statement of the reasons for the arbitrator’s decision. The continued reliance of labor and management representatives upon this process is the most eloquent testimony to its dominance in the labor relations system.

Grievance arbitration also enjoys a prestigious status in labor law. In the National Labor Relations Act (NLRA) Congress explicitly acknowledged the importance of private settlement procedures in several statutory provisions. In key decisions, the Supreme Court has recognized the pre-eminence of arbitration in labor contract enforcement and has defined a very limited but


8. 29 U.S.C. § 160(k) (1986) provides:

Whenever it is charged that any person has engaged in an unfair labor practice within the meaning of paragraph (4)(D) of section 158(b) of this title, the Board is empowered and directed to hear and determine the dispute out of which such unfair labor practice shall have arisen, unless, within ten days after notice that such charge has been filed, the parties to such dispute submit to the Board satisfactory evidence that they have adjusted, or agreed upon methods for the voluntary adjustment of, the dispute. Upon compliance by the parties to the dispute with the decision of the Board or upon such voluntary adjustment of the dispute, such charge shall be dismissed.

In addressing functions of the Federal Mediation and Conciliation Service, 29 U.S.C. § 173(d) (1986) provides:

Final adjustment by a method agreed upon by the parties is hereby declared to be the desirable method for settlement of grievance disputes arising over the application or interpretation of an existing collective-bargaining agreement. The Service is directed to make its conciliation and mediation services available in the settlement of such grievance disputes only as a last resort and in exceptional cases.

For a statement of policy regarding the conciliation of labor disputes, see the National Labor Relations Act, ch. 120, § 201, 61 Stat. 152 (1947)(codified at 29 U.S.C. § 171 (1986)).
supportive role for the courts in arbitration cases. The Court also has acknowledged the importance of arbitration in cases where contractual claims involving non-NLRA statutory rights are being adjudicated. In addition, the National Labor Relations Board has enunciated a deferral policy that makes arbitration the principal process for resolving many arbitrable NLRA disputes.

Arbitration's current lofty position in the American labor relations arena was evolutionary. While some mistakenly attribute the genesis of modern grievance arbitration to the National War Labor Board of World War II (NWLB), several careful commentators have placed its birth at 1871. Most observers, however, acknowledge that the NWLB was influential in shaping the current system. Some of these observers, while acknowledging the NWLB's role in shaping modern grievance arbitration, argue that its influence was untoward. Notwithstanding these debates, the World War II emergency created conditions for the nourishment and perhaps accelerated growth of grievance arbitration as we know it. The uninterrupted

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10. Alexander v. Gardner-Denver Co., 415 U.S. 36 (1974)(holding that plaintiff was entitled to pursue a remedy for a violation of Title VII of the Civil Rights Act through both the grievance-arbitration clause of a collective bargaining agreement and through the federal courts).


12. To compare the American system to several European systems where arbitration is seldom used, see Wood, Hepple & Johnston, United Kingdom, 9 COMP. LAB. L.J. 198, 200-02 (1987); Rojot, France, 9 COMP. LAB. L.J. 68, 71 (1987); Fahlbeck, Sweden, 9 COMP. LAB. L.J. 177, 179 (1987).


production of goods and services was vital to the war effort. The recognition of this national security priority by responsible leaders of labor and management led to the “no-strike/no lockout” pledge and to President Roosevelt’s establishment of the NWLB to resolve labor disputes that might affect the country’s war effort.\footnote{17}

\footnote{17. The following excerpt from the text of President Roosevelt’s Executive Order No. 9017, Establishment of the National War Labor Board, reflects the contents of the unpublished agreement between labor and management on December 17, 1941 as well as the theory and structure of the NWLB:

WHEREAS, by reason of the state of war declared to exist by joint resolutions of the Congress, approved December 8, 1941 and December 11, 1941, respectively, (Public Laws Nos. 328, 331, 332, 77th Congress), the national interest demands that there shall be no interruption of any work which contributes to the effective prosecution of the war; and

WHEREAS, as a result of a conference of representatives of labor and industry which met at the call of the President on December 17, 1941, it has been agreed that for the duration of the war there shall be no strikes or lockouts, and that all labor disputes shall be settled by peaceful means, and that an National War Labor Board be established for the peaceful adjustment of such disputes:

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and the statutes of the United States, it is hereby ordered:

1. There is hereby created in the Office for Emergency Management a National War Labor Board, hereinafter referred to as the Board. The Board shall be composed of twelve special commissioners to be appointed by the President. Four of the members shall be representative of the public; four shall be representative of employees; and four shall be representative of employers. The President shall designate the Chairman and Vice-Chairman of the Board from the members representing the public. The President shall appoint four alternate members representatives of employees and four representative of employers, to serve as Board members in the absence of regular members representative of their respective groups. Six members of alternate members of the Board, including not less than two members from each of the groups represented on the Board, shall constitute a quorum. A vacancy in the Board shall not impair the right of the remaining members to exercise all the powers of the Board.

2. This Order does not apply to labor disputes for which procedures for adjustment or settlement are otherwise provided until those procedures have been exhausted.

3. The procedures for adjusting and settling labor disputes which might interrupt work which contributes to the effective prosecution of the war shall be as follows: (a) The parties shall first resort to direct negotiations or to the procedures provided in a collective bargaining agreement. (b) If not settled in this manner, the Commissioners of Conciliation of the Department of Labor shall be notified if they have not already intervened in the dispute. (c) If not promptly settled by conciliation, the Secretary of Labor shall certify the dispute to the Board, provided, however, that the Board in its discretion after consultation with the Secretary may take jurisdiction of the dispute on its own motion. After it takes jurisdiction, the Board shall finally determine the dispute, and for this purpose may use mediation, voluntary arbitration, or arbitration under rules established by the Board.

4. The Board shall have power to promulgate rules and regulations appropriate for the performance of its duties.
The labor-management pledge was voluntary and was motivated by a particular sense of responsibility. From the outset, the NWLB's view was that labor disputes were best handled by the

6. Upon the appointment of the Board and the designation of its Chairman, the National Defense Mediation Board established by Executive Order No. 8716 of March 19, 1941, shall cease to exist. All employees of the National Defense Mediation Board shall be transferred to the Board without acquiring by such transfer any change in grade or civil service status. All records, papers, and property, and all unexpended funds and appropriations for the use and maintenance of the National Defense Mediation Board shall be transferred to the Board. All duties with respect to cases certified to the National Defense Mediation Board shall be assumed by the Board for discharge under the provisions of this Order.


Executive Order No. 9017 was amended on January 24, 1942, by Executive Order No. 9038, to provide for the appointment of associate members of the Board. Executive Order No. 9038 follows in text:

By virtue of the authority vested in me by the Constitution and the statutes of the United States, it is hereby ordered that Executive Order No. 9017 of January 12, 1942, entitled "Establishment of the National War Labor Board," be, and it is hereby, amended so as to provide for the appointment of associate members of the National War Labor Board. Such associate members shall be authorized to act as Mediators in any labor dispute pursuant to the direction of the Board.

Associate members shall receive compensation and expenses during any period of service in like manner as regular members of the Board.


The scope of the Board's authority was extended by Executive Order No. 9250, issued October 3, 1942, in two respects:

1. [Title II, § 1] No increases in wage rates, granted as a result of voluntary agreement, collective bargaining, conciliation, arbitration, or otherwise, and no decreases in wage rates, shall be authorized unless notice of such increases or decreases shall have been filed with the National War Labor Board, and unless the National War Labor Board has approved such increases or decreases.

2. [Title III, § 1] Except as modified by this Order, the National War Labor Board shall continue to perform the powers, functions, and duties conferred upon it by Executive Order No. 9017, and the functions of said Board are hereby extended to cover all industries and all employees.

parties' own efforts and procedures rather than by government intervention. This point of view coincided with freedom of contract principles embodied in the NLRA and an American tradition of collective bargaining that featured bilaterally determined terms and conditions of employment. This policy preference for private dispute settlement arrangements, plus the NWLB's logistical inability to decide the thousands of potentially disruptive grievance disputes that arose during the war, led the Board to articulate strong pro-arbitration policies.

19. 29 U.S.C. § 158 (1986) provides:
   (d) For the purposes of this section, to bargain collectively is the performance of the mutual obligation of the employer and the representative of the employees to meet at reasonable times and confer in good faith with respect to wages, hours, and other terms and conditions of employment, or the negotiation of an agreement, or any question arising thereunder, and the execution of a written contract incorporating any agreement reached if requested by either party, but such obligation does not compel either party to agree to a proposal or require the making of a concession . . . .


20. Volume nine of the War Labor Reports carried the following release:
   Declaring that maximum production of war materials requires prompt settlement of plant grievances, the National War Labor Board today instructed its 12 regional boards to do everything possible to promote the widest utilization of arbitration as the final step in the grievance machinery of labor-management contracts.

   Chairman William H. Davis sent letters to chairmen of the regional war labor boards emphasizing that "maximum production during the war is a duty; the duty is not discharged when production is impaired by lowered morale or strikes caused by the failure to settle grievances."

   Mr. Davis warned that, if employers and unions did not provide in their contract for the final and binding settlement of all grievances by an arbitrator, impartial chairman or umpire under terms and conditions agreed to by the parties, the WLB is likely to set up such machinery itself as the cases come to the Board. The WLB has established such machinery in many cases in the past, he pointed out.

   The Chairman's letter elaborated on the Board's formal statement of July 1, 1943, urging prompt settlement of grievances within the plant, without reference of cases to the WLB.

   Chairman Davis told regional chairmen that he wished "to bring to your attention again the importance attributed by the Board to the prompt and general acceptance of the principles enunciated in its July statement" and "to suggest to yourself and to all members of your Regional Board the great interest of this Board in making these principles known to the public."

   The letter continued:
   "You will recall that the Board stated that certain fundamental values and aids to the prosecution of the war can be attained by grievance procedures which provide:

   1. That prompt initial attention be given to the grievance by those in the
For the thousands of parties who were subject to the Board's

plant who have intimate knowledge of the dispute. The exact steps and procedures for such attention to grievances must be adapted to the needs of the plant and can best be worked out by the parties themselves.

Doubtless, a variety of reasons exist to explain either the failure of employers and unions to have established in their contracts a method of adjusting day-to-day grievances, or the failure of the parties to make effective use of such a grievance procedure. But one important factor that often accounts for accumulated grievances is the distraction and occupation of plant officials with daily business of producing war materials, without a clear recognition of the close connection between a good production record and the adjustment of grievances.

The Board has restated what is clear: Maximum production during the war is a duty; the duty is not discharged when production is impaired by lowered morale or strikes caused by the failure to settle grievances. The duty to achieve and maintain production implies, therefore, the establishment of grievance procedure and the prompt settlement of grievances according to that procedure. The implications of the Board's July 1 statement are not hidden. They reveal a continued determination by the Board to work out and establish a grievance procedure for the parties if they don't do it themselves and to require that they use it once they do.

The Board in its statement concerning the attainment of certain fundamental American values and aids to the successful prosecution of war said also:

2. That the grievance procedure, whatever be its adaptation to the plant, should provide for the final and binding settlement of all grievances not otherwise resolved. For this purpose provision should be made for settlement of grievances by an arbitrator, impartial chairman, or umpire under terms and conditions agreed to by the parties.

In the task of making the American industrial public conscious of the desirability of both establishing and promptly using a grievance procedure, it might be useful to demonstrate both the obvious connection between the maximum production and the settlement of grievances, and the usefulness to the employer himself of a grievance machinery that ends in arbitration. Even those employers who may have an immature industrial relations viewpoint will frequently wish to settle real grievances. The results of failure to do so are often too serious to neglect. If there is a tendency for a union representing the employees or of union organizers to build up grievances, or inability to hold them down because of immature union discipline, it will be of real advantage to be able to distinguish between real and fake grievances. . . . The provision for final arbitration of grievances, if it is coupled with reasonable provisions as to time intervals, will enable experienced arbitrators to differentiate between real and imaginary grievances.

But whether or not employers and unions are sold on the idea of arbitration within the grievance procedure, it must be emphasized here, as before, that the Board has expressly indicated that the failure of the parties to provide for such arbitration is likely to result (as it has so often resulted in the past) in the establishment of such arbitration by this Board.

The expression of the Board's attitude on these questions should be made available to all interested parties continuously and persistently. On this subject the Board is not content to relax after having issued its statement of July 1. The statement also called upon the parties to take the following action:

1. To install adequate procedures for the prompt, just, and final settlement of the day-to-day grievances involving the interpretation and application of the
jurisdiction, final and binding grievance arbitration, often by Board order, became the ultimate means of resolving grievance disputes. As union membership increased, collective bargaining expanded and arbitration provisions, along with the number of arbitrators, grew. Thus, an increase in the number of arbitrators was a direct result of NWLB policies. In addition, key Board decisions and policy directives established the Board's deference to grievance arbitration and reinforced the pre-eminence of private dispute settlement.

These developments encouraged the widespread, post-war use of arbitration. The NWLB's effective employment of arbitration demonstrated its broad utility in settling grievance disputes. Necessarily, this example of success validated the NWLB's policy statements regarding deferral to the decisions of arbitrators and the finality of arbitration. Moreover, in order to assure that the increased demand for arbitration would be met, a cadre of arbitrators, who refined their craft in war labor disputes, was available for post-war service to the parties and the burgeoning profession. Thus, the NWLB was a short-lived "institutional catalyst" that

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2. To make the full functioning of the grievance procedure a major responsibility under the no-strike, no-lockout agreement for maximum production to win the war.


22. See E. Witte, supra note 14, at 45-51.

23. For example, in a harbinger of United Steelworkers v. Enterprise Wheel & Car Corp., 363 U.S. 593 (1960), the NWLB said in its Statement Of Policy Concerning Review of Arbitration Awards (September 1, 1943):

A. Private Arbitration.— 1. Where the parties have themselves agreed to submit their non-wage dispute to an arbitrator whose decision they have agreed to accept as final and binding, the Board will not review the award on the merits even though, at the request of the parties or because of their inability to agree on an arbitrator, it has appointed the arbitrator. If, however, the Board finds that in rendering his award, the arbitrator has exceeded the terms of the submission agreement, the Board may modify the award to that extent only.

2. The Termination Report of the National War Labor Board 694 (1947). See also Smith & Wesson, Inc., 10 War Lab. Rep. 148 (1943), where the NWLB adopted a sound common law principle extolling the value of arbitral finality and held that it would not review the merits of an arbitrator's award. In accepting its "rule and rationale" the Board cited the following language from Sweet v. Morrison, 116 N.Y. 19, 33, 22 N.E. 276, 280 (1889): "The merits of an award, however unreasonable or unjust it may be, cannot be reinvestigated, for otherwise the award, instead of being the end of the litigation, would simply be a useless step in its progress." Smith & Wesson, Inc., 10 War Lab. Rep. 148, 153 (1943).
accelerated the predominance of arbitration as a means of settling grievance disputes.\textsuperscript{24}

In an attempt to gain additional insights into the relationship between modern grievance arbitration and the NWLB, the following oral history symposium presents the views and recollections of four distinguished arbitrators who served as top level officials on the War Labor Board.

The prologue by Judge Jack G. Day, who was Chairman of the Kansas City Regional War Labor Board, sets the NWLB in its philosophical context. His concise and pithy discussion of "industrial pluralism" helps to explain the procedures that evolved out of NWLB practice and flourished in the post-war years. Professor Aaron, former Executive Director of the NWLB, combines his customarily thorough research with personal recollections to provide a comprehensive treatment of the role of the NWLB in spurring the development of grievance arbitration and familiar rules related to the process. He then treats separately the question of arbitral quality and efficiency. Next, Mr. Gill, once a public member of the NWLB and chairman of the Cleveland Regional War Labor Board, discusses an early controversy within the arbitration profession over the nature of arbitration. Anecdotally, he contributes special insights demonstrating that the arbitrator's role has historically defied convenient pigeonholing. Finally, Mr. Garrett, who chaired the Philadelphia Regional War Labor Board, weaves relevant early personal experiences and recent legal developments into a policy-oriented discussion about the scope of judicial review of arbitration awards.

\textsuperscript{24} In biological science the catalyst accelerates a chemical reaction without itself being permanently changed by the reaction. See W. Keeton, \textit{Biological Science} 69-70 (3d ed. 1980). The NWLB analogy seems appropriate, since the temporary agency's policies and procedures undisputably accelerated the broad use of grievance arbitration.