

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

PROCEEDINGS OF THE
1974 ANNUAL SPRING MEETING

April 26-27, 1974
Atlanta, Georgia

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Edited by GERALD G. SOMERS

Industrial Relations Research Association
7114 Social Science Building, University of Wisconsin
Madison, Wisconsin 53706 USA

Reprinted from the August, 1974 Issue of
LABOR LAW JOURNAL
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Proceedings of the 1974 Annual Spring Meeting
Industrial Relations Research Association

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Library of Congress Catalog Card Number: 50-13564

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION SERIES

PROCEEDINGS OF THE ANNUAL WINTER MEETING (May Publication)
PROCEEDINGS OF THE ANNUAL SPRING MEETING (Fall Publication)
Annual Research Volume (Fall Publication)—MEMBERSHIP DIRECTORY-
HANDBOOK every sixth year in lieu of search volume
IRRA NEWSLETTER (Published Quarterly)

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INDUSTRIAL RELATIONS RESEARCH ASSOCIATION
7114 Social Science Building, University of Wisconsin
Madison, WI 53706 U. S. A. Telephone 608/262-2762

Industrial Relations Research Association Spring Meeting

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Industrial Relations Research Association
Proceedings of the 1974 Annual Spring Meeting

PREFACE

The Association's 1974 Spring Meeting stressed regional labor and industrial relations problems.

Held in Atlanta, two of the program's three formal sessions dealt with labor and economic development in the South. One of those sessions was concerned with patterns of black and white migration, industrialization and nonmetropolitan industrial development. The other regional session provided views of labor relations in the South as seen by academic, management and union representatives.

The conference also included a timely discussion of the impact of the energy crisis on industrial relations. Here, too, spokesmen for management, union, government and academe set forth their views on current and future problems associated with the energy shortage.

In addition to the formal sessions, those attending the meetings were also able to benefit from a luncheon address by **The Honorable Maynard H. Jackson**, Mayor of Atlanta, who discussed, "The Future of Industrial Relations in the South."

IRRA **President Nathaniel Goldfinger** and the Association's staff are grateful to **Professor Michael Jay Jedel**, Georgia State University, Chairman of the Atlanta Arrangements Committee, and to the other members of the Committee from the Atlanta area. We also appreciate the participation of the speakers and discussants and their cooperation in preparing their remarks for publication. I am indebted to **Sally Gronli** and **Betty Gulesserian** of the IRRA staff for their assistance in preparation of these **Proceedings**. As in the past, these **Proceedings** first appeared in the August 1974 issue of the **Labor Law Journal** and were reprinted for distribution to IRRA Members.

GERALD G. SOMERS
IRRA Editor

Madison, Wisconsin
July 1974

SESSION I

Labor and Economic Development in the South

Adjustment Patterns of Black and White Migrants in a Southern Labor Market

By JAMES A. HEFNER

Atlanta University

FROM OCTOBER, 1969 TO MARCH, 1973, Clark College's Southern Center for Studies in Public Policy (SCSPP) conducted a study of the adjustment patterns of black and white migrants in the Atlanta metropolitan area.¹ To be eligible for inclusion in the study, migrants had to be head of household; be married or unmarried; live alone or rent from another family unit; have no more than 14 years of education; and come from a town in the Confederacy area² with a population of 20,000 or less between 1964 and 1970.

This paper is concerned with the three areas of adjustment examined in the SCSPP study: employment, housing, and transportation. (It does not compare recent migrants to old migrants or native Atlantans.) Little is known concerning the patterns of adjustment of those persons from rural southern towns of 20,000 people or less to southern metropolitan areas. It seems important that systematic research efforts be devoted to the problems encountered by these persons, for several reasons. First, we need to know more about what can be done to help assimilate the stream of rural residents into urban society. Second, employers need to know the characteristics of an ever-increasing labor force as they plan for the future. Third, metropolitan officials need to know about the patterns of housing, employment, and transportation needs. Finally, the nation needs to know more about internal migration as a combatant against the ills of American cities.

¹ The study was supervised by the Georgia Department of Labor, although it was conducted for the U. S. Department of Labor.

² Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

Methodology

After defining the migrant population, efforts were devoted to drafting the migrant questionnaire, reviewing the literature, and gathering information and data on the extent of migration to Atlanta. To locate the migrants, officials of governmental, social, and business institutions were interviewed.³ What was uncovered from the interviews was the preponderance of "limited information," "data not available," and "information not required." Accordingly, this method of finding the migrant sample through records and files was soon abandoned, and an alternative method of canvassing low-income communities in the SMSA was commenced.

A random sample of the blocks in the city of Atlanta and Gwinnett County, communities with the highest proportion of families with incomes under \$2,000 in 1960, was commenced in February, 1970, with close to 30 interviewers in the field.⁴ All of the interviewers had "graduated" from two training sessions, and were therefore acquainted with the purpose of the study, and their

³ These institutions included the following: Fulton County Department of Family and Children Services; The Atlanta Housing Authority; Traveler's Aid Society; Atlanta Area Council; Communicable Disease Center; The Atlanta Regional Commission; Atlanta Union Mission; Economic Opportunity of Atlanta; The National Medical Association; United Parcel Service; Adolescent Pregnancy Project (Grady Hospital); Georgia Department of Labor; Atlanta Board of Education; Voter Registration Project; Georgia Power Company; and Southern Bell.

⁴ The interviewers were primarily students of the local colleges and universities: Clark College; Morehouse College; Spelman College; Morris Brown College; Georgia Tech; Emory University; Agnes Scott College; and Georgia State University.

⁵ While we had a sufficient number of black interviewers for black migrants, difficulties emerged regarding the recruitment of enough white interviewers for white mi-

individual functions. Theoretically, the study design called for white interviewers to interview white migrants, and black interviewers to interview black migrants.⁵

After several weeks of canvassing the two target areas, activities were expanded to encompass the total Standard Metropolitan Statistical Area (SMSA). A total of 885 interviews were conducted⁶—458 black migrants and 427 white migrants—in the five counties of the metropolitan area between 1970 and 1971.⁷

Characteristics of the Migrant Sample

To set the stage for subsequent analysis, the following characteristics of the migrant sample are given:

1. By race and sex, 45.4 per cent of the migrants were white males; 42.9 per cent were black males; 8.5 per cent were black females; and 2.8 per cent were white females.

2. Over four-fifths of the black migrants lived in the City of Atlanta, primarily in the ghettos surrounding the central business district; over four-

grants. Consequently, some bias was instituted in the sample when a small number of blacks interviewed white migrants.

⁶ While the total number of interviews was 885, the totals in individual categories will often be less as a result of omissions and incomplete responses. When comparisons were made between two or more reply categories, an attempt was made to insure that the comparisons were statistically sound and reflected precisely the responses of the interviewees. Percentages may not add up to 100 because of rounding off.

⁷ Initially, the SCSPP study design called for 1,000 migrants—500 black and 500 white—but cheating developed among a minority of the interviewers that was serious enough to suspend the interview phase of the project for several weeks while checks were made on the validity of the questionnaires. This procedure resulted in the disqualification of one hundred questionnaires.

fifths of the white migrants resided in the suburbs.

3. The majority of the black and white migrants, both male and female, had completed at least nine years of education and no more than high school. White male migrants were twice as likely as the other groups to have 12-14 years of education, and black female migrants were slightly more educated than white female migrants. Black male migrants, on the other hand, were the least educated of the migrant sample.

4. The majority of the white male migrants and the black migrant group migrated to Atlanta between the ages of 26-35. White female migrants were in the age range of 36-50.

5. By race and sex, 87 per cent of the white female migrants lived in the State of Georgia. This was also true for 85 per cent of white male migrants; 80 per cent of black female migrants; and 75 per cent of black male migrants. Black male migrants, on the other hand, traveled longer distances (in excess of 700 miles) to get to Atlanta, and white female migrants traveled shorter distances (no more than 150 miles).

Hypotheses

The literature regarding the interaction of employment, housing, and transportation is well-defined. For example, Kain⁸ and Mooney⁹ attribute many of the employment problems of blacks to housing segregation and the decentralization of jobsites. They argue that the suburbanization of employment has significantly reduced the ability of blacks to take advantage of new employment opportunities along the growing peripheries of the city. Newman¹⁰ argues that metropolitan decen-

tralization hinders employment of blacks because of inadequate public transportation systems. In many cities public transportation systems concentrate on improving services for suburbanites and coping with problems of congestion. The poor often find their needs disregarded in the establishment of modern transportation systems.

In light of the above, qualifications must be made with respect to white migrants. While their transportation needs are also likely to be disregarded if they live in the innercity, the fact that they are relatively unrestrained from moving to suburbia means, in effect, that the employment-housing-transportation matrix is not as deleterious to their livelihood as it is for black migrants. Therefore, one would expect the adjustment patterns of white migrants—in the areas defined in this study—to be smoother and faster. Such manifestations, no doubt, could be in the form of higher occupational status and income, better housing facilities, and greater access to job sites. As a guide for the analysis the following exploratory hypotheses were formulated.

A. The occupational differential between the black and white migrant sample narrowed, but significant numbers of black migrants still remained in unskilled jobs.

B. The majority of the migrant sample chose their place of residence because of rental price, but plumbing, exterior maintenance, walls and floors are significantly different.

C. Black migrants are more likely to commute to work *via* city-owned buses than white migrants. This is accounted for by the higher rate of car ownership on the part of white migrants.

⁸ John F. Kain, "Housing Segregation, Negro Employment and Metropolitan Decentralization," *Quarterly Journal of Economics* (May, 1968); "The Big Cities' Big Problem," *Challenge* (September/October, 1966).

⁹ Joseph D. Mooney, "Housing Segrega-

tion, Negro Employment and Metropolitan Decentralization," *Quarterly Journal of Economics* (May, 1969).

¹⁰ Dorothy K. Newman, "The Decentralization of Jobs," *Monthly Labor Review* (May, 1967), pp. 7-13.

Findings

To refute or support hypothesis (A), it is necessary that an analysis be made of the previous and present employment status of the migrant sample. As regarding the migrants' previous employment status, Tables 1 and 2 reveal the following.

1. Twenty-one per cent of all black migrants interviewed had worked in service occupations, and over half had worked as laborers; comparable figures for whites were 16 per cent and 33 per cent, respectively. A significant proportion of white migrants, 11 per cent, worked in clerical positions, with low-

er concentrations in sales (9%) and craft work (8.5%). Only 10 per cent of the white migrants and 5.5 per cent of the black migrants were employed in managerial or professional positions (Table 1). Thus, one could argue that there was a strong push away from the poorer jobs on the part of blacks (Table 2).

2. Fully 47 per cent of all white migrants earned at least \$5,000 during some year before moving to Atlanta; only 25 per cent of the black migrants fared as well. Proportionately, twice as many black migrants (32%) never earned over \$2,000 annually before moving to Atlanta (Table 2).

TABLE 1
Quality of Employment — Previous

<i>Occupational Distribution</i>	<i>Total</i>		<i>Black</i>		<i>White</i>	
	<i>Freq</i>	<i>%</i>	<i>Freq</i>	<i>%</i>	<i>Freq</i>	<i>%</i>
Manager	13	13.2	2	1.0	11	5.2
Professional	20	4.9	9	4.5	11	5.2
Technical	14	3.4	2	1.0	12	5.6
Sales	28	6.8	8	4.0	20	9.4
Clerical	34	8.3	10	5.0	24	11.3
Craftsman	28	6.8	10	5.0	18	8.5
Operative	24	5.8	13	6.5	11	5.2
Laborer	174	42.2	103	51.8	71	33.3
Services	77	18.7	42	21.1	35	16.4
Totals	412*		199		213	

* See footnote 6.

TABLE 2
Best Yearly Income in Previous Location

<i>Income Schedule</i>	<i>Total</i>		<i>Black</i>		<i>White</i>	
	<i>Freq</i>	<i>%</i>	<i>Freq</i>	<i>%</i>	<i>Freq</i>	<i>%</i>
Over \$8000	20	4.3	6	2.8	14	5.6
8000	20	4.3	6	2.8	14	5.6
7000	15	3.2	4	1.9	11	4.4
6000	49	10.5	11	5.1	38	15.3
5000	69	14.8	25	11.6	44	17.7
4000	97	20.9	48	22.2	49	19.7
3000	79	17.0	42	19.4	37	14.9
2000	63	13.5	41	19.0	22	8.8
1000	46	9.9	28	13.0	18	7.2
Less Than 1000	7	1.5	5	2.3	2	0.8
Totals	465*		216		249	

* See footnote 6.

The present employment conditions of the migrant sample are taken from Tables 3-6.

1. Fully 36 per cent of all black migrants, two and a half times the proportion of white migrants, were employed in unskilled jobs. However, this represented some improvement from the previous job structure. For white migrants, the improvement was more dramatic, with considerable numbers of formerly unskilled workers joining better-paying positions in semi-skilled, skilled, and supervisory areas. In particular, three times as many white migrants, proportionately, held supervisory positions at the time of interview, as before moving to Atlanta (Table 3).

2. While black migrants, on the average, earned significantly less than white migrants, the gap was not quite so striking. At the time of interview,

23 per cent of the black and 35 per cent of the white migrants were earning over \$150 weekly while 49 per cent of the black migrants and 36 per cent of the white migrants were earning less than \$110 a week. For black migrants 16 per cent as many wage earners were collecting over \$130 a week, than in their previous employment; for white migrants the increase was 30 per cent (Tables 4 and 5).

3. Although salary differentials in the migrants' first job in Atlanta were less than before migration, black migrants still earned less than their white counterparts. Fully 57 per cent of all black migrants earned less than \$5,000 in this first position, as opposed to 35 per cent of all white migrants. Only 16 per cent of the black migrants obtained jobs paying over \$7,000 annually as compared to 33 per cent of all white migrants. (Table 6).

TABLE 3
Quality of Employment — Present

Type of Job	Total		Black		White	
	Freq	%	Freq	%	Freq	%
Unskilled	195	25.9	141	36.3	54	14.8
Semi-Skilled	244	32.4	107	27.6	137	37.5
Skilled	193	25.6	88	22.7	105	28.8
Supervisory	53	7.0	15	3.9	38	10.4
Clerical	67	8.9	36	9.3	31	8.5
Totals	753*		388		365	

* See footnote 6.

TABLE 4
Highest Weekly Wage Earned in Present Job

Weekly Wage	Total		Black		White	
	Freq	%	Freq	%	Freq	%
Over 200	26	5.2	11	3.9	15	6.8
190 - 200	17	3.4	5	1.8	12	5.5
170 - 180	32	6.4	12	4.3	20	9.0
150 - 160	70	14.0	37	13.3	33	15.0
130 - 140	51	10.2	26	9.3	25	11.3
110 - 120	85	17.0	51	18.3	34	15.4
90 - 100	86	17.2	45	16.1	41	18.6
70 - 80	79	15.8	55	19.8	24	10.8
50 - 60	33	6.6	24	8.6	9	4.1
Less Than 50	21	4.2	13	4.8	8	3.7
Totals	500*		279		221	

* See footnote 6.

Thus, it would appear that the evidence above supports the hypothesis that *the occupational differential between the black and white migrant sample narrowed, but significant numbers of black migrants still remained in unskilled jobs as compared with white migrants.*

The second hypothesis, namely, that *the majority of the migrant sample chose their place of residence because of rental price, but plumbing, exterior maintenance, walls and floors are significantly different,* was partially borne out by our data. For example, while both groups of migrants considered low rental prices

the primary reason for choice of residence, nearly as many white migrants listed convenience to work, nearness to children's school and to shopping centers, and nearness to friends (Table 7). Among black migrants, only half as many cited convenience to work. On the average, black migrants spent less on housing than white migrants. Seventy-six per cent of the blacks interviewed spent less than \$100 a month on rent, as compared to 43 per cent of the whites; the figures for \$80 a month are 46 per cent and 24 per cent, respectively. However,

TABLE 5
Highest Weekly Wage Earned in Previous Job

Weekly Wage	Total		Black		White	
	Freq	%	Freq	%	Freq	%
Over 200	10	6.0	8	6.7	2	4.2
190 - 200	0	0.0	0	0.0	0	0.0
170 - 180	2	1.2	0	0.0	2	4.2
150 - 160	3	1.8	2	1.7	1	2.1
130 - 140	10	6.0	7	5.9	3	6.3
110 - 120	24	14.4	17	14.3	7	14.6
90 - 100	32	19.2	22	18.4	10	20.8
70 - 80	37	22.2	26	21.8	11	22.9
50 - 60	33	19.8	25	21.0	8	16.7
Less Than 50	16	9.6	12	10.0	4	8.4
Totals	167*		119		48	

* See footnote 6.

TABLE 6
Highest Yearly Income — Present

Yearly Income	Total		Black		White	
	Freq	%	Freq	%	Freq	%
Over 10000	15	2.4	9	2.9	6	1.9
10000	12	1.9	5	1.6	7	2.2
9000	25	4.0	4	1.3	21	6.7
8000	40	6.4	12	3.8	28	9.0
7000	74	11.8	27	8.6	47	15.1
6000	73	11.7	31	9.9	42	13.5
5000	99	15.8	47	15.0	52	16.7
4000	136	21.8	70	22.4	66	21.2
3000	82	13.1	52	16.6	30	9.6
2000	41	6.6	33	10.5	8	2.6
1000	26	4.2	21	6.7	5	1.6
Less Than 1000	2	0.3	2	0.6	0	0.0
Totals	625*		313		312	

* See footnote 6.

slightly more blacks had to pay over \$180 per month in rent. This probably resulted from the greater housing discrimination that blacks face in Atlanta.¹¹

Over 90 per cent of all migrants considered the plumbing of their present residence to be in good order, although more blacks (11.6 per cent) than whites (6.8 per cent) felt otherwise (Table 8). There appeared some improvement in group satisfaction with regard to exterior maintenance among those migrants who had moved into their present residence. Yet, as indicated in Table 9, even at their previous

residence over 80 per cent of the migrants from both groups had been satisfied with how the building exterior was maintained. For those who lived in apartments, that is, the majority, 85 per cent of the black and white migrants were reasonably satisfied, an improvement over their previous residence for both groups. Whites particularly seemed to have benefitted in this category, their approval rising from 75 per cent to 88 per cent.

Perhaps because of their interest in economy, black migrants were less likely to occupy furnished apartments than white migrants. Overall, the

TABLE 7
Reasons for Choosing Residence — Present*

Response	Total		Black		White	
	Freq	%	Freq	%	Freq	%
Near School and Shopping	238	26.9	110	24.0	128	30.0
Near Work	211	23.8	81	17.7	130	30.4
Near Friends	221	25.0	97	21.2	124	29.0
Low Rent	359	40.6	207	45.2	152	35.6

* Migrants gave multiple answers; percentages are not supposed to add up to 100.

TABLE 8
Is Plumbing in Good Order in Present Residence?

Response	Total		Black		White	
	Freq	%	Freq	%	Freq	%
Yes	803*	90.7	405	88.4	398	93.2
No	82	9.3	53	11.6	29	6.8

* See footnote 6.

TABLE 9
Was the Exterior Well Maintained in Previous Residence?

Response	Total		Black		White	
	Freq	%	Freq	%	Freq	%
Yes	298	81.4	173	80.6	125	83.3
No	67	18.6	42	18.4	25	16.7
Totals	366*		216		150	

* See footnote 6.

¹¹ Relatively speaking, housing segregation in Atlanta appears to be increasing faster than in any other major southern city. For information on other southern cities, see

Ray Marshall, *Negro Employment in the South* (Washington: U. S. Department of Labor, 1973), Vols. I-III.

migrants were somewhat less likely to occupy furnished apartments after migrating than before migrating.

The third hypothesis was: *Black migrants are more likely to commute to work via city-owned buses than white migrants. This is accounted for by the higher rate of car ownership on the part of white migrants.*

The data support the hypothesis. The findings regarding the migrants' modes of transportation at the time of interview suggest that the chief difference in commutation patterns between migrants was between public and private transportation (Table 10). Because of their higher rate of car ownership (61 per cent as compared to 27 per cent), 66 per cent of white migrants were able to drive to work in their own automobiles, compared to 37 per cent of black migrants. Consequently, blacks were twice as likely to commute *via* city-owned buses as whites. More blacks also relied on car pools and walking than whites. In fact, blacks were 12 times more likely than whites to walk to work. This would suggest that they worked near their

place of residence, somewhere in the central business district, and more than likely in lower-paying, labor-intensive firms.

Another conclusion from Table 10 is that white migrants were more likely to reach outlying areas of the City of Atlanta, where new employment opportunities exist, than black migrants.

Conclusions

The results of the analysis suggest the following general conclusions.

1. Moving to Atlanta narrowed the occupational differential between black and white migrants, but there were still two and a half times more blacks in unskilled jobs than whites at the time of interview.

2. The majority of migrants lived in apartments and chose their place of residence because of low rental price. Black migrants paid less rent than white migrants but were more likely to pay more for their housing expenses.

3. While housing facilities did not seem to vary substantially by race, black migrants were more inclined to say

TABLE 10

Choice of Transportation Modes — Present

Modes of Getting to Work	Total Migrants		Black		White	
	No.	% Total	No.	%	No.	% Total
Totals	250*	100	160	100	90	100
Automobiles:	118	47	59	37	59	66
Own	98	39	43	27	55	61
Friend	15	6	12	8	3	3
Pool	5	2	4	2	1	1
City Bus	87	35	69	43	18	20
Walk	20	8	19	12	1	1
All Other Modes†	21	8	8	5	4	4

* See footnote 6.

† Includes motorcycles and pay to ride.

that their plumbing, exterior, and interior maintenance structures were less than desirable.

4. Black migrants were twice as likely as white migrants to commute to work *via* city-owned buses.

5. Black migrants were twelve times more likely than white migrants to walk to work.

6. A little more than two-thirds of the white migrants drove their cars to work as compared to one-third of the black migrants.

From the viewpoint of the implications of these findings for public policy the following comments may be offered. When the black and white migrants became residents of the Atlanta metropolitan area, they were separated by two worlds—one black and one white. To be sure, both groups were aware that they were in one of the most industrialized metropolitan areas in the United States. They may have been aware that 400 of the *Fortune* 500 manufacturing firms have offices located in the metropolitan area; that the population of the metropolitan area was in excess of one million; that the suburbs exhibited high growth rates between 1960 and 1970, while the growth rate of the central city was approaching zero for this same period; that the racial composition was such that over 50 per cent of the black population resided in the central city, while less than one-fourth of the metropolitan population was black; that the educational attainment and income levels of residents in the central city was markedly different from residents in other areas of the SMSA; that the

out-migration of whites from the central city was almost as great as the in-migration of blacks; and that employment in the central city was becoming more white collar.

To be sure, both groups of migrants benefitted from their move to Atlanta, but as blacks continue to migrate to the City of Atlanta, more and more public assistance will be needed to assist them in overcoming their disabilities of inadequate years of education and inadequate skills with which to function in capital-intensive firms. The characteristics of our black migrant sample make this point more than a conjecture. These characteristics also suggest that all black migrants are not inadequately prepared to contribute personally to the growth and development of the metropolitan area. However, as long as there remains residential segregation, there will continue to exist in the central city a reservoir of black workers whose skills and knowledge are lost to the SMSA as a whole.

Thus, the analysis suggests: (1) an Atlanta Housing Law forbidding (a) housing discrimination in the suburbs, and (b) inequitable distribution of public housing in the metropolitan area; (2) a metropolitan form of government to assist both groups of migrants surveyed in the SCSP study; (3) a federally-funded outreach and training program for migrants; (4) a rapid transit system; and (5) greater sensitivity on the part of metropolitan officials, existing agencies, and employers to the plight of migrants, whatever their race, sex, or nationality.

[The End]

Black-White Economic Convergence and the Civil Rights Act of 1964

By ALLAN G. KING and RAY MARSHALL

University of Texas at Austin

RICHARD FREEMAN ARGUED in a recent article that "while black-white differences have not disappeared, the convergence in economic position in the 1950's and 1960's suggests a virtual collapse of traditional discriminatory patterns in the labor market."¹ Moreover, according to Freeman: "Much of the improvement in the black economic position that took place in the late 1960's appears to be the result of government and related discriminatory [sic] activity associated with the 1964 Civil Rights Act. Previous time trends, more education for blacks, and the general boom of the period cannot account for the sharp increase in relative incomes and occupational position of blacks after 1964."²

Freeman's conclusions are in marked contrast to those reached by others, who stress the limited economic progress made by blacks.³

We consider it very important to determine whether the economic position of blacks has improved and discrimination has collapsed. In some sense, the conservatives who argue that the problem has been solved and the "radicals" who argue that little or no progress has taken place are natural, if unwitting, allies, because both groups tend to immobilize forces to gain greater economic equality for blacks—the conservatives by declar-

ing the battle to be won and the radicals by the discouraging news that the fight is hopeless, short of "revolutionary change." If "progress" has been made, moreover, it is important to determine the influence of various factors in producing the progress. If discrimination collapsed under the modest onslaughts launched by the Civil Rights Act of 1964, the "enemy" was nowhere as ferocious as most of us had deemed it to be.

This paper explores some of the dimensions of this controversy by exploring the convergence between black and white male incomes in the United States between 1960 and 1970. We concentrate on males in order to get a purer indication of discrimination, because discrimination against white women, and their probable higher levels of voluntary underemployment, could make the relative black-white female position appear to be improving faster than it really is because of the lack of progress made by white females. We also examine Freeman's position that discrimination has collapsed mainly under attack from the Civil Rights Act of 1964. By implication, of course, when presenting the evidence on convergence, we also examine the position of those who argue that blacks have made no progress.

We first turn our attention to the regional component of the income changes. While there is no question that the relative gap between blacks

¹ Richard B. Freeman, "Changes in the Labor Market for Black Americans," *Brookings Papers on Economic Activity* (Washington, D. C.: Brookings Institution, January, 1973), p. 67.

² *Ibid.*, p. 119.

³ Raymond S. Franklin and Solomon Resnik, *The Political Economy of Racism* (New York: Holt, Rinehart, and Winston, 1973).

and whites has narrowed in the aggregate,⁴ it remains to be seen whether this convergence has resulted from a narrowing of wage differentials in each region or, as Batchelder found between 1950 and 1960, it is largely because of the changing distribution of the black population.⁵

Table 1 presents data on relative incomes of males by region and place of residence for 1959 and 1969. The data are illuminating in several respects. They reveal that the racial convergence in incomes has not been at all uniform. Most of the gains made by black males have been in the Northeast and the South, and within these areas, incomes have converged most rapidly in rural rather than in urban areas.

However, even within rural areas, different regional patterns emerge. In the South, incomes converged most rapidly in rural nonfarm employment, while in the Northeast, farm incomes show the greatest convergence. This

undoubtedly reflects the very rapid increase in agricultural productivity in the nation (output per man-hour in agriculture increased by 280 per cent between 1947 and 1969, as compared with an increase of only 82 per cent for the nonfarm sector). In the South, however, blacks apparently did not share proportionately in these gains and were displaced from farming at a much faster rate than whites. The reasons for the failure of blacks to participate in agricultural gains include their lower levels of education, smaller farms, limited access to capital, and racial discrimination—especially by the U. S. Department of Agriculture.

The rapid convergence in rural nonfarm incomes in the South is particularly interesting in view of the large reduction in the black farm population of the region between 1959 and 1969.⁶ Since it has been observed that people, especially blacks, who leave farming are most likely to re-

TABLE 1
Black-White Income Ratios, 1959 and 1969, Males,
by Race and Region

	Northeast		North Central		South		West	
	1969	1959	1969	1959	1969	1959	1969	1959
Total Region	.75	.59	.80	.77	.56	.47	.72	.71
Urban	.74	.71	.76	.70	.57	.51	.71	.70
Rural								
Nonfarm	.54	.54	.34	.41	.49	.40	.37	.49
Rural Farm	.76	.62	.49	.37	.47	.42	.70	.85

Source: U. S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-60 (Washington, D. C.: Government Printing Office).

⁴ The ratio of the median income of black males to the median income of all males was .56 in 1960 and increased to .64 in 1970.

⁵ Alan B. Batchelder, "The Decline in the Relative Income of Negro Men," *Quarterly Journal of Economics*, Vol. 73, No. 4 (November, 1964), pp. 525-548.

⁶ The number of nonwhite family workers in agriculture declined by more than 50 per

cent between 1959 and 1969, from 376,000 to 158,000. For a fuller discussion of the subject, see Virgil L. Christian, Jr., and Adamantios Pepelasis, "Regional Growth, Agricultural Displacement, and Surplus Labor in the South," in Ray Marshall and Virgil L. Christian, Jr. (eds.), *The Employment of Southern Blacks* (Salt Lake City, Utah: Olympus Publishing Company, forthcoming). The above figures were taken from this work.

main in rural labor markets, it might be expected that this increase in the relative supply of black workers would tend to depress incomes in rural non-farm employment.

However, it seems that the black migration out of agriculture has been offset by two major factors. First, the rural South is the most rapidly industrializing region in the country, and in the South, as in the rest of the country, manufacturing employment is actually growing faster in nonmetropolitan than in metropolitan areas.⁷ Since blue-collar jobs are growing in rural areas and white-collar jobs are growing in metropolitan areas, it is not surprising that black males

(who are heavily concentrated in blue-collar occupations) should gain in non-metropolitan areas. Black females, on the other hand, have made greater relative gains in metropolitan areas, at least partly because of the greater growth of white-collar jobs, in which females traditionally have been concentrated.

Second, the black migration off the farms is apparently inducing a secondary migration flow of rural nonfarm blacks into urban areas. This migration pattern may be responsible for the generally slower income convergence in urban areas, both in the South and in the nation, reflecting the increased labor supply in these areas

TABLE 2
Black-White Earnings Ratios of Husbands
in Husband-Wife Families,
1969, 1965, 1959: Craftsmen

	1969	1965	1959
<i>South</i>	.67	.63	.55
Metropolitan	.71	.63	.57
Central city	.76	.68	.61
Outside metropolitan	.63	.57	.51
Urban	.63	.50	.50
Rural	.63	.61	.50
<i>North and West</i>	.86	.81	.84
Metropolitan	.83	.77	.81
Central city	.87	.84	.83
Noncentral	.83	.78	.82

Average Annual Percentage Change in Earnings Ratio

	1965-1969	1959-1965
<i>South</i>	.015	.020
Metropolitan	.029	.016
Central city	.028	.018
Outside metropolitan	.025	.019
Urban	.058	.000
Rural	.008	.033

Source: U. S. Department of Commerce, Bureau of the Census, *Current Population Reports*, Series P-60, No. 73, Table 1 (Washington, D. C.: Government Printing Office).

Note: Areas and residences correspond to U. S. census definition.

⁷ Ray Marshall, *Rural Workers in Southern Labor Markets* (Salt Lake City, Utah: Olympus Publishing Company, forthcoming).

at a time when the demand for blue-collar labor apparently was declining.

The comparisons in Table 1 are "gross" in the sense that they fail to control for those determinants of incomes that may not have changed uniformly by region or place of residence. Ideally, joint observations on all of these variables should be present, *e.g.*, education, occupation, industry, region, residence, income, etc.; however, these cross-tabulations are not available in published form, and to generate them requires manipulation of the 1:1,000 samples of the 1960 and 1970 censuses.

Pending this further research, we present in Table 2 black-white earnings ratios by region and residence for husbands who worked as craftsmen, the sole occupation for which the income data are available.⁸ If this occupation is representative of the income convergence that has occurred within the large group of occupations, then this table tells us something about the convergence within areas due to the intra-occupational compression of wage rates. It is evident that craftsmen's earnings have converged most rapidly in the South, as compared to the non-South, with the convergence being fairly uniform between metropolitan and nonmetropolitan areas in both regions.

These data also permit the 1959-1969 period to be broken into intervals, with the intermediate year being 1965. Examining these intervals for the South, where the data provide greatest detail, provides two important observations. First, it appears

that there has not been a precipitous increase in the rate of income convergence in the region—the 1959-1965 rate is very close to the 1965-1969 rate, which would seem to run counter to the Freeman thesis.

Second, the rural South, the area within the region that has experienced the most rapid convergence in racial incomes, exhibits precisely the opposite pattern of convergence from that predicted by Freeman's thesis—the most rapid convergence occurred between 1959 and 1965, before the Civil Rights Act is likely to have had an impact on earnings.

In brief, the data discussed in this section indicate that the convergence in racial incomes has not been uniform across regions but has occurred most rapidly in the South and the Northeast. In both regions, incomes in rural areas have converged rapidly, with nonfarm residents showing the most rapid convergence in the South and farm incomes converging most rapidly in the Northeast and North Central regions. There is little evidence of an accelerated rate of convergence of incomes in the late 1960's in the South, as indicated by the income data for craft workers.

Analyzing the Causes of Income Convergence

In this section, we attempt a tentative assessment of the factors which underlie the convergence of racial incomes between 1960 and 1970. Unfortunately, the data permit only "partial" analysis of the problem, with each variable analyzed in turn, ignor-

⁸ This occupation-demographic category contains approximately 8 per cent of the black male labor force (50 per cent of black males over 16 are husbands, and 15 per cent of the black males are craftsmen), and consequently the experience of members of this

group is not important in and of itself. The data are presented in the belief that the experience of this group may shed some light on changes occurring throughout the occupational structure.

ing its interaction with other variables in the model.

The three variables considered to account for the income changes for each race are the industrial composition of employment, the occupational distribution of the labor force, and the educational attainment of the labor force. The change in income is decomposed as follows.

Average income in each racial group may be written as (1) $W = \sum_i W_i f_i$, where W represents average income, and W_i represents average income in, say, industry i , and f_i represents the proportion of total employment of the racial group accounted for by industry i . The difference in average incomes for each race between 1959 and 1969 may then be decomposed as follows: (2) $dW = \sum_i W_i df_i + \sum_i dW_i f_i + \sum_i dW_i df_i$. The first term on the right-hand side indicates the change in income that results from a changing distribution of the labor force, for example, across industries, holding incomes constant. The second term indicates the change in income attributable to changes in income within industries, holding the industrial composition of employment constant. The third term measures the interaction effects of changes in employment patterns and changes in incomes. In Table 3, the sources of income change for black and white males are analyzed by region for each variable.

This decomposition is a useful way of analyzing the data, because different theories of the causes of income convergence assign different weights to convergence within and between categories. Specifically, the hypothesis that the reduction in the level of racial discrimination is of primary importance in equalizing incomes would predict significant income convergence within occupational, educational, or

industrial groups. This follows because, in the short run, mobility among these groups is likely to be constrained by the effects of past discrimination. As a result, the elimination of overt racial discrimination is likely to result in the narrowing of income differences within these categories.

On the other hand, those who emphasize the importance of structural changes between 1960 and 1970 would predict that where income convergence has occurred most rapidly, it is likely to have resulted from the changing employment patterns or educational qualifications of the labor force.

The grouping of the data in the 1960 and 1970 censuses requires us to adapt the analysis to the constraints imposed by the data. Thus, the comparisons in Table 3 are between the total black and white male populations. In addition, earnings or income data are unavailable in published form for 1960 by the breakdowns the analysis requires, and so the effects of income changes within groups and the interaction effects are impounded in a single residual. Finally, median *incomes* were used in 1960, while median *earnings* were used in 1970. We do not regard this last modification as very serious, since unearned incomes are important only in upper income groups and their inclusion should leave the median virtually unaffected.

As might be expected, the secular changes between 1960 and 1970 in incomes within industry, occupational, and educational groups account for by far the largest component of the increase in incomes, for both races and in all regions. More revealing is a comparison of the relative importance of the structural components of income change (first column, Table 3) across regions and races. In terms of

TABLE 3
Decomposition of Income Changes between 1960 and 1970
for Regions, by Industry, Occupation, Education, and Race
Proportion of Income Change Occurring

	<i>Among Categories</i>	<i>Within Categories and Interaction</i>
<i>Industry</i>		
Northeast		
Total	.02	.98
Black	.00	1.00
North central		
Total	.06	.94
Black	.04	.96
South		
Total	.08	.92
Black	.15	.85
West		
Total	.03	.97
Black	.02	.98
<i>Occupation</i>		
Northeast		
Total	.05	.95
Black	.06	.94
North central		
Total	.06	.94
Black	.07	.93
South		
Total	.12	.88
Black	.19	.81
West		
Total	.07	.93
Black	.08	.92
<i>Education</i>		
Northeast		
Total	.23	.77
Black	.18	.82
North central		
Total	.15	.85
Black	.07	.93
South		
Total	.16	.84
Black	.04	.96
West		
Total	.13	.87
Black	.09	.91

Sources: Industry—1970 earnings and employment data: *U. S. Census of Population, 1970*, U. S. Summary, Tables 300 and 301; 1960 employment data: *U. S. Census of Population, 1960*, U. S. Summary, Table 260.

Occupation—1970 earnings and employment data: *U. S. Census of Population, 1970*, U. S. Summary, Tables 260 and 296; 1960 employment data: *U. S. Census of Population, 1960*, U. S. Summary, Table 257.

Education—1970 earnings and education data: *U. S. Census of Population, 1970*, U. S. Summary, Table 260; 1960 education data: *U. S. Census of Population, 1960*, U. S. Summary, Table 241.

both industry and occupation, *changes in the distribution of employment contribute most to the change in income among Southern blacks*. Changes in the distribution of employment by industry account for 15 per cent of the total change in income, while changes in the occupational distribution account for 19 per cent. The category in which these structural variables account for the second largest increase in incomes is among all Southern males.

With respect to the contribution of education to income change, we find that this factor has its greatest impact on incomes in the Northeast, where 23 per cent of income change for all males occurs in this category, as compared with 18 per cent for blacks. In all of the region-race cells, education has the smallest relative impact among Southern blacks.

If industry and occupation changes are identified with changing patterns of labor demand, and changes in the educational attainment are identified as changes in the labor supply, then it appears that the Northeast and the South, the two regions that exhibit the greatest convergence in incomes between 1960 and 1970, have been affected by different economic forces.

Incomes in the South seem to have responded to changes in the pattern of demand. The rapid industrialization of the South is reflected in the relatively large increases in incomes in the region that are attributable to the industry and occupation variables. In contrast, a high proportion of the income growth in the Northeast reflects the change in a labor supply factor—educational attainment. This reflects different stages of growth of the South and the Northeast. In the South, growth is more heavily concentrated in marginal low-wage indus-

tries and takes the form of greater quantitative changes in employment, whereas in the Northeast, employment growth is more in the higher wage industries, or more qualitative than it is in the South.

Civil Rights Activity and Income Convergence

In this section, we briefly consider Freeman's thesis that civil rights enforcement activity, which is believed to have reduced the incidence of racial discrimination, was a major cause of the income convergence between blacks and whites between 1960 and 1970. While it is generally conceded that the extent of racial discrimination is difficult to measure directly, Freeman's hypothesis implies several intermediate conclusions which can be expressed, and thus evaluated, in terms of more readily observable variables.

One important implication of his hypothesis follows from the fact that the 1960-1970 period contains an interval before the Civil Rights Act was passed in 1964. If the act was truly successful in eliminating discrimination, and the economic environment remained the same throughout the period, then an acceleration in the rate of convergence would be expected.

However, the economy did not advance at a constant rate of growth throughout the 1960's, and its acceleration during the latter part of the decade should reinforce the effect predicted by Freeman. While Freeman does present evidence, from aggregate data, that income convergence did accelerate during the latter half of the 1960's,⁹ the data in Table 2, which have the advantage of being specific to a region but the disadvantage of describing the experience of only a single, albeit important, oc-

⁹ Freeman, p. 102.

cupational group, indicate that no acceleration occurred in the South as a whole or in the rural South.

Second, as discussed above, the elimination of discrimination should, in the long run, be manifested primarily by the rapid convergence in incomes *within* occupations, industries, or educational groups, since the mobility between groups that is possible at any point in time is likely to be limited as a result of past discrimination. However, Table 3 shows that where incomes have converged most rapidly (the Northeast and the South), a relatively high proportion of the income change occurred as a result of movement *among* either industrial, occupational, or educational categories. While structural changes and the elimination of discrimination may have both been concentrated in the same regions, this point remains to be demonstrated. Indeed, it would seem quite difficult to disentangle these hypotheses without much more detailed data than have thus far been brought to bear on the question.

Finally, the measure of civil rights activity used in Freeman's study should be considered—the cumulative number of charges of racial discrimination filed with the Equal Employment Opportunity Commission (EEOC) as of a particular year.¹⁰ It is clear that this number is intended only to reflect the commitment to racial equality exhibited by the commission and thus does not represent a direct measure of the elimination of racial barriers. Unfortunately, this measure is open to a variety of interpretations. Suppose, for example, that the level of civil rights enforcement activity declined over time but the degree of

racial discrimination in the society increased. It is quite possible that, given these occurrences, the number of cases filed with the EEOC would increase each year, as more persons were victimized by discrimination,¹¹ so many more as to overcome the difficulties posed by a lower level of enforcement.

Alternatively, suppose that in each year the level of civil rights activity increased although racial discrimination declined. As more enforcement officers became available and more workers advised of their rights, the number of cases filed with the EEOC each year might increase, although the incidence of discrimination was declining. As these examples illustrate, an increase in the number of cases filed is consistent with both increasing and decreasing levels of racial discrimination and increasing or decreasing levels of enforcement activity. Consequently, we believe that little can be inferred about either the level of enforcement activity or changes in racial discrimination by observing the number of cases filed with the EEOC.

Moreover, it is very possible—and we think probable—that the most important effects of civil rights legislation would not even be reflected in enforcement activities. To a very significant degree, civil rights legislation carries moral impact—reflecting what appears to be the will of the majority. To understand the impact of the moral implications of the law requires some conceptual framework postulating the nature of racial discrimination by employers, employees, and customers. We believe employers to be primarily concerned with profits and status.

¹⁰ *Ibid.*, p. 100.

¹¹ In actuality, there was a marked increase in the number of race discrimination cases filed with the EEOC through 1970.

For example, in 1967, 4,786 cases were filed, compared to 11,806 cases filed in 1970. See Equal Employment Opportunity Commission, *Annual Reports (1965-1970)*.

They are therefore willing to hire blacks wherever it is profitable to do so without damaging their own status. Employers ordinarily must weigh the profitability of hiring blacks against possible losses from adverse reactions by white employees and customers. The law therefore makes it possible for employers who have economic motives for doing so to hire blacks and shift the blame for doing so to "legal requirements," whether or not there is a serious threat of losses from prosecution under the law.

We believe that this kind of process was responsible for many of the black gains in some of the South's leading industries—like textiles—during the 1960's. In other words, the law was most effective where employers had strong economic motives for hiring blacks in "nontraditional" jobs. In the South, rapid economic development had created large demands for whites, many of whom moved out of low-wage into higher paying industries. Marginal employers therefore had difficulty recruiting and retaining whites and were ready to turn to blacks but were concerned with adverse white customer and employee reaction. Pressures from the government neutralized the threat of these adverse reactions.

This does not imply, however, "a virtual collapse in traditional discriminatory patterns in the labor market," as Freeman claims.¹² Discrimination continues even in those industries where blacks have made the greatest employment gains, because relatively few blacks are represented in the skilled, technical, or managerial positions in those industries. *Overt* discrimination—where employers refuse to hire workers because of their race—has become less important, but the

more important and pervasive forms of *institutionalized* discrimination—segregated housing, education, social affairs, jobs, etc.—remain very important and are not likely to be eradicated very rapidly by laws, which are more nearly suited to deal with overt rather than institutional discrimination.

The eradication of discrimination in white-collar and skilled occupations would present a better test for the effectiveness of antidiscrimination laws, because here the laws would encounter greater resistance. As noted above, integrating low-wage, marginal jobs was not too difficult as a result of the passage of legislation because employers had strong economic motives to comply with government pressures—however mild those pressures were (and they were mild indeed, insofar as the EEOC was concerned, before the 1972 amendment which strengthened the agency's powers by making it possible for the commission to enforce its decisions in the federal courts; it will be noted that the commission's powers were *increased after* the time period during which Freeman thought they had their impact on relative economic positions). With higher level jobs, on the other hand, there will be greater resistance to change because:

(1) As integration moves up the occupational status line, there is greater "status" concern by bigoted whites who consider their job status to be denigrated by the inclusion of blacks, who are regarded as "inferior."

(2) Bigoted managers have limited status concerns in integrating blue-collar work forces but will resist integrating their own ranks for status reasons.

(3) Whites in low paying jobs have less power to resist integration than those in jobs requiring more skill and

¹² Freeman, p. 67.

education; the latter also are more likely to channel their power through labor organizations.

(4) Finally, black groups are likely to have less power to integrate skilled jobs, because they often do not have sufficient labor supplies to meet the employer's needs if whites resist integration.

For these reasons, we would not argue that discrimination has virtually collapsed until there is a much more equal distribution of jobs and incomes than currently exists in the South or the nation.

Freeman's "collapse" thesis also is subject to the difficulty that he has not accounted for all of the factors responsible for changes in the relative income positions of blacks. In part, this is because he subscribes to the relatively narrow economic theory of discrimination postulated by Becker.¹³ By ignoring bargaining and group action, this theory fails to consider the impact of pressures for change emanating from blacks. For example, both the Civil Rights Act of 1964 and the relative economic progress of blacks thereafter could have been due to pressure from blacks and their civil rights allies, which would include the riots of the 1960's. These pressures may have induced Congress to pass the Civil Rights Act and employers to hire blacks in some "nontraditional" jobs in an attempt to buy racial peace.

Conclusion

This paper has presented and evaluated evidence regarding the convergence in racial incomes among males

between 1960 and 1970. To abstract from the effects of interregional migration flows, the paper has focused on the convergence in incomes within regions. It was found that a significant convergence in incomes occurred within the South and the Northeast. The Southern experience seems to reflect the continuing industrialization of the region at a rapid rate and the migration of blacks out of agriculture and out of the rural areas. The convergence in incomes in the Northeast does not appear to be attributable to changes in the industrial or occupational distribution of employment but as a result of improved levels of education and a narrowing of income differences within education groups.

The hypothesis that income convergence could be a reflection of increased civil rights activity was also considered. The results of indirect tests of the theory are regarded as inconclusive, indicating that more detailed work is required. However, there is considerable doubt that enforcement activities by the EEOC were largely responsible for black economic gains during the 1960's.

Finally, we consider it important to counteract the argument that there has been no economic progress for black Americans as well as the argument that discrimination has collapsed. Both positions are dangerous, because if widely believed, they would tend to neutralize forces for change. It is our position that blacks have made some economic progress, but we are a long way from eliminating discrimination or producing greater economic equality for blacks. [The End]

¹³ Gary S. Becker, *Economics of Discrimination*, second edition (Chicago: University of Chicago Press, 1971).

Two Models of Nonmetropolitan Industrial Development and of Poverty Impact in the South

By THOMAS E. TILL

Franklin College

IN 1889, Henry Grady attended a funeral in Pickens, Georgia. The occasion inspired his well-known complaint about the South's backward economy: "They cut through the solid marble to make his grave, and yet a little tombstone they put above him was from Vermont. They buried him in the heart of a pine forest, and yet the pine coffin was imported from Cincinnati. They buried him within touch of an iron mine, and yet the nails in his coffin and the iron in the shovel that dug his grave were imported from Pittsburgh. . . . They buried him in a New York coat and a Boston pair of shoes and a pair of breeches from Chicago and a shirt from Cincinnati. The South didn't furnish a thing on earth for that funeral but the corpse and the hole in the ground."¹

Today Grady's protest is clearly outdated. The industrialization we see taking place in the South would free that unfortunate corpse from any dependence on Yankee fittings. But what relevance, if any, do industrialization policies have for the problems of the poor in nonmetro areas of the South?

There is no consensus on the answer. Many regional economists and liberal intellectuals in general criticize it as being an impossible policy and one with

little impact on the poor. They often see it as mainly a selfish effort by local business interests to increase their land values and sales.

The Models

The reasoning behind this position seems to rest on an "SMSA-dominance" model of industrial location and poverty impact. It has two relevant hypotheses. First, location factors so favor SMSA's that only a few manufacturing jobs could be lured to nonmetro counties without impracticably massive subsidies. For example, the larger and more skilled labor supply, better business services and cultural amenities for management all favor big cities. Second, the few firms attracted to nonmetro areas would do little to reduce poverty. Their wage-levels would generally be below the poverty level. Also, they would be so labor intensive that they are liable to flee to another area after any tax subsidies have ended.

This "SMSA-dominant" model seems logically persuasive, but research results do not support it. First, nonmetro manufacturing growth is not impossible. Haren and Goodstein have both demonstrated that the growth of such jobs in Southern nonmetro counties has been impressive in the 1950's and the 1960's.² But wasn't this mainly on the fringes of SMSA counties, and so really part

¹ Quoted in Glenn E. McLaughlin and Stefan Robock, *Why Industry Moves South* (Washington, D. C.: National Planning Association, Committee of the South, 1949), p. 3.

² Marvin E. Goodstein, "A Note on Urban and Nonurban Employment Growth in the

South, 1940-1960," *Journal of Regional Science*, Vol. 10 (December 1970), p. 399.

Claude C. Haren, "Rural Industrial Growth in the 1960's," *American Journal of Agricultural Economics*, Vol. 52 (August 1970), pp. (Continued on page 474.)

TABLE 1

**The Extent of Rural Industrialization in Thirteen¹ Southern States: Total
Nonfarm Employment² and Manufacturing Employment Changes
of Southern Counties, 1959-1969, by Distance
from the Nearest SMSA**

	Number of Counties	Total Nonfarm Employment 1959	Total Nonfarm Employment Change 1959-1969		Manufacturing Employment 1959	Manufacturing Employment Change 1959-1969	
			Number	%		Number	%
SMSA Counties: Total	153	5,660,076	2,811,677	49.7	1,604,903	701,916	43.7
Counties 0-50 Miles from SMSA: Total	595	2,050,630	989,771	48.3	963,604	505,508	52.5
Counties over 50 Miles from SMSA: Total	553	1,379,489	674,345	48.9	505,585	308,972	61.1

¹ Texas, Oklahoma, Arkansas, Louisiana, Mississippi, Tennessee, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, Kentucky.

² The *County Business Patterns* definition excludes government workers, domestic servants, and the self-employed.

Source: Nonfarm and manufacturing employment from *County Business Patterns, 1959 and 1969*. Since individual county data in the 1959 *County Business Patterns* were not provided for the states of Texas, Georgia, and Kentucky, the individual estimates of 1959 total nonfarm and manufacturing employment used for these states were those generously provided by Claude Haren of the Economic Research Service of the U. S. Department of Agriculture. State Unemployment Insurance data and the 1958 Census of Manufacturing were used to split the combined data of the *County Business Patterns* into these individual county estimates.

of SMSA labor markets? Table 1 reveals that the answer is negative.³ It shows that the rate of growth of manufacturing jobs was greater in the 1960's in counties more than fifty miles from an SMSA (and so presumably beyond the "SMSA fringe" areas) than in those in the 0-50 mile band. The same table shows that the rate of the distant counties was also higher than that of the SMSA's.⁴ So it is obviously not an impossible dream to try to lure factories to Southern nonmetro areas.

But what about the poverty impact? The "SMSA-dominant" model is quite pessimistic. Most firms pay wage-levels below the poverty line. The rare high-wage firm will hire mainly in-migrants, since its skill-levels are beyond those of area workers. For example, Gray's study of the Kaiser plant in rural West Virginia revealed that only 600 of the 4,000 jobs went to local people.⁵

Consequently, the poor receive little benefit. Tests of these poverty impact

hypotheses showed that the industry of these nonmetro areas was more labor-intensive and low-wage than in the rest of the South or in the whole United States. On the other hand, the industries which were the second and third largest net gainers of manufacturing jobs in Southern nonmetropolitan markets in the past decade were the higher-wage and less labor-intensive ones of electrical machinery and transportation equipment. These industries, miniscule in 1959, were responsible for 22 per cent of all non-metropolitan manufacturing job gains in the 1960's.⁶ Thus, the industrial structure is more complex than the SMSA-dominant model predicts. Turning to direct poverty impact studies, very little has been done on this important topic. The largest project is an Economic Research Service (ERS) study,⁷ summarized in Table 2. This data was gathered in winter 1970-71 by plant questionnaires to workers in

(Footnote 2 continued.)

431-37, and "Employment, Population, and Income Growth in the South's Metro-Nonmetro Areas, 1960-1970," Paper presented at the Annual Meeting of the Southern Regional Science Association, Williamsburg, Va., 13-14 April 1972, Table 1.

³ Thomas E. Till, "Rural Industrialization and Southern Rural Poverty in the 1960's: Patterns of Labor Demand in Southern Non-metropolitan Labor Markets and Their Impact on Local Poverty" (Ph.D. diss., University of Texas at Austin, 1972), Chap. 2 (available from University Microfilms, Ann Arbor, Michigan).

⁴ The South was defined as the 13-state region composed of Kentucky, Oklahoma, and the states of the Confederacy (Texas, Arkansas, Louisiana, Mississippi, Tennessee, Alabama, Georgia, Florida, South Carolina, North Carolina, and Virginia). Distance was measured by direct line from the central city of the SMSA. The sources for the employment data were U. S. Department of Commerce, Bureau of the Census, *County Business Patterns, 1959*, 10 Vols. (Washington, D. C.: Government Printing Office, 1961) and U. S. Department of Commerce, Bureau of Census, *County Business Patterns,*

1969, 53 Vols. (Washington, D. C.: Government Printing Office, 1970).

⁵ Irwin Gray, "New Industry in a Rural Area," *Monthly Labor Review*, Vol. 92 (June 1969), pp. 26-30.

⁶ Till, op. cit., Tables 5-2 to 5-4, pp. 162-65.

⁷ U. S. Department of Agriculture, Economic Research Service, *Impact of Job Development in Four Developing Areas, 1970*, by John A. Kuehn, et al., Agricultural Economic Report No. 225 (Washington, D. C.: U. S. Department of Agriculture, 1972).

The four nonmetropolitan growth areas chosen by ERS were northeast Arizona (Apache and Navajo counties), northeast Mississippi Appalachia (Alcorn and Tippah counties), the northwest Arkansas Ozarks (Benton and Washington counties), and the Arkansas delta (Cross, Lee, and Saint Francis counties). The method used was a plant questionnaire, distributed during the winter of 1970-71 to 25 per cent of the employees of plants which had either arrived since 1964 or significantly expanded since 1965. Since only 27 of the 56 plants agreed to cooperate, and since various problems often made the sampling fraction less than 25 per cent, the resulting sample was not strictly repre-

(Continued on page 476.)

TABLE 2
Impact of Job Development on Poverty Status,
Four Study Areas, 1965-1970

Region and Poverty Status	Number of Jobs ¹	Per Cent of Determined Jobs ^{2, 3}
Arizona		
Total number of jobs	1,270	—
Number of determined jobs ^{2, 3}	373	100.0
Total previously poor	183	49.1
Residents previously poor	121	32.4
Total escaping poverty	93	24.9
Residents escaping poverty	58	15.5
Total slipping into poverty	8	2.2
Residents slipping into poverty	5	1.4
Mississippi Appalachia		
Total number of jobs	2,600	—
Number of determined jobs ^{2, 3}	2,368	100.0
Total previously poor	441	18.6
Residents previously poor	401	16.9
Total escaping poverty	315	13.3
Residents escaping poverty	281	11.8
Total slipping into poverty	69	2.9
Residents slipping into poverty	56	2.3
Northwest Arkansas Ozarks		
Total number of jobs	1,980	—
Number of determined jobs ^{2, 3}	1,572	100.0
Total previously poor	310	19.8
Residents previously poor	228	14.5
Total escaping poverty	219	13.9
Residents escaping poverty	142	9.1
Total slipping into poverty	73	4.6
Residents slipping into poverty	44	2.8
Arkansas Delta		
Total number of jobs	879	—
Number of determined jobs ^{2, 3}	809	100.0
Total previously poor	389	48.1
Residents previously poor	370	45.8
Total escaping poverty	220	27.2
Residents escaping poverty	201	24.8
Total slipping into poverty	9	1.1
Residents slipping into poverty	9	1.1

¹ Represents total jobs enumerated for which a poverty status was associated.

² Jobs enumerated for which a poverty status in both time periods was determined.

³ Usage of these percentages assumed that sampled responses were typical of un-sampled employees and sampled refusals by plant. Percentages are based on unrounded data.

Source: U. S. Department of Agriculture, Economic Research Service, *Impact of Job Development on Poverty in Four Developing Areas, 1970* (by John A. Kuehn, et al.). Agricultural Economic Report No. 225, Washington, D. C.: U. S. Department of Agriculture, June, 1972, p. 7, Table 3.

TABLE 2—Continued

Region and Poverty Status	Number of Jobs ¹	Per Cent of Determined Jobs ^{2, 3}
Four study areas combined		
Total number of poor	6,729	—
Number of determined jobs	5,122	100.0
Total previously poor	1,323	25.8
Residents previously poor	1,120	21.9
Total escaping poverty	847	16.5
Residents escaping poverty	682	13.3
Total slipping into poverty	159	3.1
Residents slipping into poverty	114	2.2

four nonmetro growth areas. It shows that a significant number of poor (26 per cent) were hired. Also, of these poor hired an impressive proportion (51 per cent net) escaped poverty by 1970-71.⁸ Finally, only 22 per cent of the workers were in-migrants (Table 3). Although little can be proved from four case studies, this indicates that the poverty impact of industrialization may be quite significant.

What set of hypotheses or model might explain the empirical data more adequately than the SMSA-dominant model? The following verbal model—basically a two-stage process of industrial development and poverty impact—is suggested. A Southern nonmetro area starts out typically with a labor surplus, due to the rapid decline of farm jobs through mechanization and inadequate out-migration. In the first stage of industrial development, very low-wage and labor-intensive plants are attracted by this surplus of unskilled labor and prevailing low wage-levels. The shirt factories, textile, and shoe plants are obvious examples. This stage prepares a labor force with basic factory skills

relatively accustomed to factory discipline. This then induces medium-wage and medium capital-intensive firms to locate. These firms characterize the second stage of industrialization. Examples are the electrical and nonelectrical machinery plants, the furniture factories, and the mobile home manufacturers that moved south conspicuously in the 1960's. Each of these stages also has a different poverty impact. In the first, a greater proportion of the poor will be hired, since labor demand is only for unskilled or semi-skilled workers. However, wage-levels are so low that few will be raised out of poverty by the factory job alone. However, this does not prove that the impact on poverty is minimal. Studies so far indicate that high-wage jobs and full-time farming are not the most practical way for nonmetro subsistence families to rise above the poverty-line. Rather, it is through the husband obtaining a second job (the part-time earner effect), or wife, son or daughter becoming employed (the second earner effect) that the family rises most easily out of poverty. In

(Footnote 7 continued.)

sentative. Further, only direct impact was measured (that of jobs provided in the new or expanded plant). The number and impact of jobs indirectly created (through input-output linkages) or induced (as through the effects of increased incomes on employment in retail trade) were not measured.

Despite the limitations, however, the results were highly interesting and valuable.

⁸ Of the 1,120 previously poor nonmigrant workers, 682 rose out of poverty by 1971. However, 114 other nonmigrant workers slipped into poverty, reducing the net figure to 568, or 50.7 per cent.

TABLE 3
Previously Poor Resident Households Out of Poverty¹
in 1970 Job, Four Study Areas

Study Area	No. of previously poor resident worker households	Escaping Poverty			
		Number Gross	Net ²	Per Cent Gross	Net
Northeast Arizona	121	58	53	47.9	43.8
Mississippi Appalachia	401	281	225	70.1	56.1
Northwest Arkansas Ozarks	228	142	98	62.3	43.0
Arkansas Delta	370	201	192	54.3	51.9
Total, Four Areas	1,120	682	568	60.9	50.7

¹ Poverty thresholds were defined as \$2,000 for the first member and \$600 for each additional member. Incomes were inflated to a 1970 base year by the CPI to remove the effect of price changes. Household income in 1970 was compared to household income in the most recent previous job held to determine changes in poverty status.

² The net number equals the number of previously poor residents who escaped poverty (i.e., the gross amount) minus the previously nonpoor who slipped into poverty.

Source: Calculated from USDA, ERS, *loc. cit.*

the second stage, a smaller percentage of poor are hired by the better wage plants, since they demand higher skills. Also, previous industrial development has lowered the amount of poverty in the local labor force. But, although the better-wage plants hire less poor, the lower-wage firms will hire more and probably discriminate less, since they no longer can cream the work force. However, the higher-wage levels in the new plants indicate that a higher percentage of their workers will be lifted above the poverty line.

These two stages also lead to different community development planning. In the first stage, if the leadership favors industrial development, communities are ready to welcome almost any financially stable factory. Their widespread poverty and underemployment makes them almost desperate. It is here that the danger is greatest of exploitation by incoming plants. However, in the second stage, communities become more discriminating. Subsidies are less, and only better-paying plants are welcome.

Also, the two stages seem to differ generally in labor market tightness. In the first stage, unemployment and especially underemployment is typically high. In the second, the labor market often becomes tight and the low-wage plants complain of trouble finding workers. In several places, this leads them to fight Chamber of Commerce efforts to attract better-paying plants. If they succeed, this bottlenecks further improvement of the industry-mix. The differential tightness of the labor market obviously also has important effects on the job prospects of the poorest of the low-income families. In the first stage, they have little chance if the firms cream the labor market; in the second stage, firms are forced to lower their hiring standards.

Similarly, the stages differ in the extent of in-migration. In the first, the widespread underemployment and the low-wage levels do not attract in-migrants of working age. In the second, in-migration, especially of returnees, becomes important. They are drawn

by labor shortages and better quality jobs.

Finally, the two stages differ in the prospects for unionization. In the first it is almost impossible, due to the fierce resistance put up by highly competitive, low-wage firms. In the second stage, unionization should become more possible since firms are less labor-intensive.

It is important to notice that not all areas of the nonmetro South have industrialized successfully in the 1960's. Research indicated that most of the factories went to the Southern border states, especially the rural white, hill-country areas; only a trickle came to the Delta and heavily black areas. One of the important questions is whether the pressures on wage-levels coming from second-stage development and tight labor markets in the former areas will lead to a spin-off of first-stage firms in the 1970's to areas where labor surplus still exists and where poverty and unemployment is still the most devastating. Also, it should be pointed out that this two-stage model applies to firms that are "labor-oriented" in terms of location characteristics. Firms which are "resource-oriented", such as aluminum companies, will presumably locate wherever the relevant resources are present, whether this be in SMSA or nonmetropolitan counties. "Market-oriented" firms, such as bakeries, on the other hand, will tend to locate in SMSA's, since there the local market is concentrated.

Finally, the industries drawn to the nonmetro South are "secondary" (e.g., primarily nonunionized and competitive, with lower wage-levels), if dual labor market terminology is applied. The high-wage, unionized, oligopolistic "primary" firms either remain in the North or prefer Southern SMSA's to less populated locations.

Policy Reflections

Colin Clark tells us that there are three stages of development: first, agricultural; then, industrial; and finally, service-oriented. Nationally we are a service-economy; but our data indicate that main parts of the nonmetro South are now in the industrial stage.

If the poverty impact of this is considerable, it makes sense to support within reason local governments and business groups in their efforts to attract industry. However, their frequent lack of concern with the poor means that it will be necessary to insist that labor and the poor share more fully in the benefits. This suggests:

(1) Insisting on adequate and competent job-training and basic education programs for the locally unskilled and under-educated, including "start-up" programs to train local residents in skills needed by incoming plants;

(2) Insisting on the enforcement of anti-discrimination laws, so that blacks can share in industrial development and are not forced to migrate to Northern ghettos, as they have been in the past;

(3) Supporting efforts to attract higher-paying plants, when local low-wage industries, during tight labor markets, resist this as a threat to their labor supply;

(4) Backing local interests in their efforts to obtain necessary water, sewerage, and industrial park facilities. This industrial infrastructure seems necessary to be competitive with other communities in attracting industry.

On the other hand, if the two-stage model proves to be accurate, certain other policy emphases seem less practical:

First, it seems utopian to advise backward agricultural areas with little factory experience to go after high-wage, "clean" plants. There is no evi-

dence that they will come, except in the rare case of a resource-oriented firm. Even medium-wage firms generally have only located in areas of previous industrial development. An area must walk before it can fly into the high-wage stage.

Also, unionization seems almost impossible during the first stage of industrial development. The low-wage firms, often in very competitive industries, will resist it wholeheartedly, and, given the labor surplus and the unskilled nature of the jobs, organizing will have the greatest handicaps. Efforts would probably be better spent in second-stage areas with tight labor markets.

Finally, to dismiss industrialization as the exploitation of cheap labor by marginal capitalists and to stress cooperatives and community development corporations instead seems misplaced emphasis if higher income and more jobs for workers are the primary goal. Community development corporations

and cooperatives in my opinion have been and are valuable activities, especially for providing the poor some participation in the economic decisions that affect their lives. But with some exceptions, they also have been marginal operations, plagued with difficulties of management and finance. The amount of jobs and income they can realistically be expected to provide seems dwarfed in comparison to successful participation of workers and poor in the industrialization currently under way.

Finally, I should stress that the model I have suggested is still essentially unproved, a set of hypotheses consistent with, but not proved by, the empirical data. Currently, time-series data and field interviews in various areas are being used to directly test the model. Both its details and the reflections on policies are still highly tentative, and proposed mainly to stimulate thinking on some very important issues.

[The End]

Two Models of Nonmetropolitan Industrial Development and of Poverty Impact in the South

A Discussion

By JAMES F. CRAWFORD

Georgia State University

PROFESSOR TILL'S PAPER challenges the conventional wisdom which holds that substantial out-migration is necessary in nonmetropolitan areas in order to alleviate unemployment and poverty. Noting the sizable recent gains in the industrialization of the rural Southeast,

the author concludes that major emphasis should be placed on attracting new industry to non-SMSA areas rather than on facilitating the exodus of the surplus labor produced by technological advance in agriculture and high rural birth rates. In place of the "traditional model" which he describes as the "SMSA dominance" or "simple" model he proposes an alternative model comprised of "a

dual labor market, three types of locationally-oriented industries, and two stages of industrialization." The passage of the *Rural Development Act of 1972*, Public Law 92-419, underscored the importance of the issues discussed in this paper.

Professor Till's study is well-thought-out and deserves careful consideration. The study is timely and well-constructed. It brings together a valuable collection of empirical data on a significant question. The accumulated data on the shifts of rural industrialization 1959-69 represent a useful contribution. And, specific points relative to the decline of poverty in the rural South—such as the key role of the "second earner effect"—are particularly illuminating.

Having said this, I must pose several questions and make a few comments. First, on close examination the author's model appears to be a slightly modified version of a widely-accepted explanation of the major forces which propel a shift from under-employment and low-productive agriculture to low-wage, low-value adding, labor-intensive industries.

Also, I think a stronger case can be made for the so-called "simple" model which Professor Till rejects. The issue under consideration is sometimes described as *place* prosperity versus *people* prosperity; that is, should people be moved or should industry be moved? Obviously, it would be preferable that people not have to leave their home communities to seek employment. But serious questions of feasibility and economy in benefit/cost terms must be considered.

The paper does not discuss the question of growth centers. The author states "... It makes sense to support local government and business groups in their efforts to attract industry." Does this imply that pro-

grams to assist development would be provided to almost any community seeking such assistance? It is not just a question of *whether* or not you seek to stimulate industrialization in the nonmetropolitan areas but a question of where and how you stimulate it. Do you want to use a growth center strategy of focusing assistance on a rather small number of centers which promise to yield expanding employment opportunities? Or do you wish to opt for a larger number of centers, which implies shorter commuting and migration distances but which includes some less promising growth centers? According to widely accepted regional economic doctrine, as growth centers develop the public infrastructure and the external economies required for industrialization, migrants and commuters are attracted from the surplus labor pools of surrounding areas. And then the standard script calls for secondary employment to develop in the adjacent areas. One of the implications of the typical growth center approach is that there would be relatively few centers, and many of these communities would be of substantial size. Statistically, larger centers have the best prospects for continuing growth. Studies seem to indicate that the fastest growing areas are in the 25,000-125,000 population class. Also, this concept assumes that some of these growth centers may lie outside the boundaries of areas that are labeled as high-employment, low-growth, and low-income areas. Thus, the measures that are designed to stimulate employment by improving the infrastructure and attracting private investment often can be most effective and most promising when they are applied to relatively prosperous areas. Measures to assist poorer areas may well be confined largely to the improvement of human resources and, perhaps, provision of

income supplements to the aged and disabled who are poor candidates for migration.

Both the Area Redevelopment Administration and its successor, the Economic Development Administration created in 1965, emphasized *place* prosperity (worst first) and the necessity of stimulating employment-creating investment. In any event, as noted, the paper doesn't go into these matters. It contends that bringing employment-generating investment to communities should be the main focus, and it disputes the model which says that this approach has limited possibilities in solving these problems.

One basic methodological question should be raised—the dichotomy the author draws between SMSA and rural. In doing so he omits, by definition, the role and importance of the small and medium-sized towns, which have an important urban identity and cannot truly be classified as “rural.” If some distinction is made between essentially rural and small-to-medium-sized town manufacturing industries, Table 1 may well have an entirely different complexion.

A related question is the author's decision to limit his analysis to *manufacturing* employment. Perhaps this was due to data availability. In any event, this limitation results in a significant understatement of the growth of nonfarm employment by excluding the self-employed service and government employees who are heavily concentrated in SMSA counties. This exclusion produces figures which show a growth in employment by counties distant from SMSA during the 1960's closely comparable to that shown by SMSA counties and by counties up to 50 miles from SMSA. With the inclusion of government workers and self-employed and

service workers, the growth rates would move much more markedly in favor of the SMSA counties. Thus, employment growth statistics based solely on manufacturing employment are hardly conclusive, especially in a period in which service employment came to surpass manufacturing employment nationally and the rate of increase of service employment is higher.

This point can be extended when it comes to Table 1 dealing with the relative growth rates of various Southern industries during the 1960's. If you examine the aggregate changes in employment for each industry it is clear that low-wage, labor-intensive apparel—employing primarily female workers—added more workers than did electrical machinery and transportation equipment together (57.8 thousand cf. to 51.7 thousand). Paper, another important higher-wage, capital-intensive industry, added only 3.3 thousand workers during the decade although many new facilities were added. Further, Professor Till concedes that the presumably favorable industries may locate primarily semi-skilled assembly operations in rural areas tended by low-wage female employees, and indeed, to some extent, this has been the case.

Also, what do developments of the 1960's forecast for the 1970's and beyond in view of the end of an era of cheap energy? This development may sharply reverse the growth in recreational vehicles, for example, which represents an important part of the transportation equipment industry in the non-SMSA South. Also, the loss of textile-apparel markets to foreign firms needs to be considered.

Thus, conclusions which the author draws from the statistics in Table 1 may be overly optimistic. And looking toward the immediate future, prospects for industrial development may

be less favorable than indicated by the author.

Changes in the character of Southern agriculture and the pool of agricultural labor affect the author's analysis. By now, this pool has been extensively depleted. And, with rising agricultural prices and growing demands for food and fiber, there may well be an expanding demand for farm labor and rising incomes for those remaining in agricultural employment. In other words, agriculture in the rural South may well be the sector of greatest growth potential as we move into the mid-1970's and beyond.

Finally, I feel that in a study such as this, one must be very leery of findings derived from questionnaires. The Department of Agriculture's Economic Research Service's *Impact of Job Development* study, on which Professor Till relies rather heavily, is based (see footnote 7) on a survey of 56 plants of which only 27 agreed to cooperate. The final sampling fraction was "less than 25 per cent." If we were to surmise that those firms with the most favorable findings would be most likely to cooperate, the findings might better be regarded as "suggestive" rather than "valuable."

As for supplementary approaches, I would feel that a set of case studies of selected firms in several key industries might add a valuable dimension to the study, to strengthen the statistical data and conclusions of the questionnaire.

I would like to comment briefly on the paper by King and Marshall on "Black-White Economic Convergence and the Civil Rights Act of 1964." It appears to me that insufficient time has elapsed between 1964 and 1969 to warrant any very firm conclusions on the income convergence effects of the act. In that connection, by extending the data through 1973, better results might be obtained.

The reasons given by the authors for excluding black women from the study are understandable. However, in view of the high labor force participation rates of black women, one wishes that they had not been completely left out of the study. Their inclusion might disclose important income trends.

The study focuses on subjects of great interest and importance, yet the results are largely inconclusive, suggesting to the writer as noted above that more definitive answers may require a longer passage of time.

[The End]

SESSION II

Changing Labor-Management Relations in the South

Public Labor Relations in the Southeast: Review, Synthesis and Prognosis

By MICHAEL JAY JEDEL and WILLIAM T. RUTHERFORD

Georgia State University

THE GROWTH OF COLLECTIVE BARGAINING among state and local public employees has generally lagged behind such developments in the private sector. Within the public sector the developments have been concentrated in a few Northern states among federal government employees. In the Southeastern states collective bargaining in public employment is a relatively new development. For purposes of this paper the Southeastern states are defined as Alabama, Florida, Georgia, North Carolina, South Carolina and Tennessee. The development of a systematized process for dealing with public labor relations matters among state and local employees in these states still seems to lie in the future. Yet, there has been some movement in recent years which indicates that the growth process is accelerating in spite of continuing legal and legislative inaction.

The biggest threshold problem faced in any investigation of public labor relations in the Southeast is the lack of adequate and reliable sources of information. In view of the negative legal climate in which collective bargaining must operate, very few state or municipal authorities are anxious to reveal the intimate details of their dealings with labor organizations. Yet, several important sources are available such as newspaper reports, legislative activity, court decisions, firsthand accounts from participants in labor disputes and some statistical data supplied to state and federal reporting bodies. Hopefully, in the near future more of the affected public officials, unions and other key officials involved will realize the need to form an information network to get the regional information and experience they need to develop an approach to solving public labor relations problems consistent with local

needs and desires. This paper is intended to begin the effort toward taking a comprehensive look at past, present and future industrial relations developments in the public sector in the Southeast. Thus, this preliminary report on ongoing research will review past experiences in order to formulate some predictions concerning the future of public employee collective bargaining in the Southeast.

First, the legal and legislative framework for collective bargaining will be examined. Next, the data on the extent of organization and lost time due to labor disputes will be noted. Then a brief review of some significant public sector disputes, negotiations and settlements will be discussed. Based on this review a prognosis of future developments will be made.

LEGAL FRAMEWORK

None of the Southeastern states has enacted comprehensive legislation dealing with labor relations. At present only three states have laws granting some collective bargaining rights to employees. These laws deal only with firemen, except for Florida which has some limited legislation concerning teachers in two counties, and South Carolina which has a law applicable only to employees of the State's Ports Authority.¹ With the exception of Florida, no state constitution contains any provision which applies to public labor relations. Thus,

the legal framework for collective bargaining has developed in the absence of state legislation mainly through court and attorney general opinions interpreting the common law and through federal constitutional provisions affecting labor relations. The framework is discussed in three phases—the right to become a union member, the right to engage in collective bargaining and the right to strike.

The right to join a union was, by legislation, formerly prohibited in three of the Southeastern states—Alabama, Georgia, and North Carolina.² In Tennessee the State Supreme Court in 1958 upheld a city's right to discharge an employee for joining a union.³ In recent court cases the laws of Alabama, Georgia and North Carolina have been held unconstitutional on the grounds that the statutes denied public employees their First Amendment right of freedom of association.⁴ While no judicial or legislative action has been taken in Tennessee, it would appear that, in view of the current court decisions concerning First Amendment rights, the Tennessee Supreme Court would be compelled to decide the matter differently today than it had in 1958. In the two remaining states, South Carolina and Florida, there is no prior history of judicial or legislative repression of the right to join a union. In fact, in Florida the right to join a union is now protected by the state's constitution.⁵ In South Carolina the right has been

¹ Re firemen see Fla. L. 1972, Ch. 72-275; Ga. L. 1971, H.B. 569; Ala. Code tit. 37, § 450 (3) (Supp. 1969). Re teachers see Fla. L. 1971, Ch. 71-686 (Hillsborough County) and Fla. L. 1971, Ch. 71-875 (Pinellas County). Re employees of the South Carolina Ports Authority see Section 54-21, 1962 S. C. Code of Laws.

² Title 55, Sec. 317, Code of Ala., Recompiled 1958, as amended; North Carolina Gen. Stat. § 95-97; Ga. Code Ann. 54-909 and 54-9923.

³ *Keeble v. City of Alcoa*, 204, Tenn. 286, 36 LC ¶ 65,080.

⁴ *Ala. Labor Council v. Frazier*, 69 LC ¶ 52,896 (Ala. Cir. Ct., Madison County, 1972); *Atkins v. City of Charlotte*, 269 F. Supp. 1068, 59 LC ¶ 52,038 (N.C. 1969); *Melton v. City of Atlanta*, 324 F. Supp. 315, 64 LC ¶ 52,508 (DC Ga. 1971).

⁵ Fla. Const. Art. I, Sec. 6 provides:

The right of persons to work shall not be denied or abridged on account of membership.
(Continued on following page.)

recognized by judicial decision.⁶ Thus, with respect to the right to join a union, it now appears that in all the Southeastern states, except Tennessee, the right to union association is recognized either by state constitutional provisions or by judicial decisions based on the First Amendment as applicable to the states under the Fourteenth Amendment.

The right of public employees to engage in collective bargaining was initially not recognized in any of the Southeastern states. With the exception of North Carolina, this legal conclusion was derived not from legislative mandate but from court decisions or state attorney general opinions interpreting the common law.⁷ In essence the rationale applied in these legislative, judicial and administrative pronouncements was that collective bargaining was an unlawful delegation of the state's sovereign power to

regulate the wages, hours and working conditions of its public servants through legislative action.

Gradually, this totally negative legal climate concerning collective bargaining has begun to change in some of the Southeastern states. Sometimes the change has been by attorney general opinions, sometimes by legislative action with respect to certain employees, sometimes by revised judicial interpretation of common law principles and state public policy, and sometimes by revision of the state's constitution. For example, in Alabama, while the Alabama Supreme Court's prohibition against recognition, negotiation, or the signing of a contract remains unchallenged, the attorney general has issued an opinion which in essence gives labor organizations the right to meet and confer with public agencies.⁸ The same result also seems to have been at-

(Footnote 5 continued.)

ship or nonmembership in any labor union or labor organization. The right of employees, by and through a labor organization, to bargain collectively shall not be denied or abridged. Public employees shall not have the right to strike.

⁶ *Medical College of South Carolina v. Drug and Hospital Union Local 1199, Local 1199B of the AFL-CIO Affiliated Hospital and Nursing Home Employees Union*, Charleston, South Carolina Court of Common Pleas, Clarence E. Singletary, Judge, Slip Opinion dated July 9, 1969.

⁷ North Carolina General Statutes, Sec. 95-98, provide that any contract between any unit of government and any labor organization "is hereby declared to be against the public policy of the State, illegal, unlawful, void and of no effect." The early court decisions in other states prohibiting collective bargaining are as follows: South Carolina, see *Medical College of South Carolina v. Drug and Hospital Union Local 1199*, cited at footnote 6; Georgia, *International Longshoremen's Association v. Georgia Ports Authority*, 370 U.S. 922, 44 LC ¶ 50,476 (Ga. 1962); Tennessee, *Weakley County Municipal Electrical System, et al. v. Vick, et al.*, 43 Tenn. App. 524, 33 LC ¶ 70,874 (Tenn. 1957); see also dicta in *Keeble v.*

City of Alcoa, cited at footnote 3; Alabama, *International Union of Operating Engineers Local 321 v. Water Works Board*, 163 S. 2d 619, S. Ct., 49 LC ¶ 51,064 (Ala. 1964); Florida, *Miami Water Works Local No. 654 v. City of Miami*, 157 Fla. 445, 11 LC ¶ 63,179 (Fla. 1946).

⁸ In a letter from Attorney General William J. Baxley to an Anniston, Alabama City Councilman dated February 5, 1974, the Attorney General stated:

"The third question concerning collective bargaining poses a very tough problem because of a recent case decided by the Alabama Supreme Court. The Supreme Court, in the case of *Nichols v. Bolding*, 227 S. 2d 868, 71 LC ¶ 53,090 (Ala. 1973), followed its previous holding in the case of *International Union of Operating Engineers v. Water Works Board of the City of Birmingham*, cited at footnote 7, in which the Court held that public agencies can enter into bargaining agreements with public employees only where these agencies have express constitutional or legislative authority to do so. These cases indicate that public agencies cannot enter into binding bargaining agreements with union members. This does not mean that the Mayor and

(Continued on following page.)

tained for some employees by attorney general opinions in Georgia.⁹ In Florida, the 1968 Constitution provides that "The right of employees, by and through a labor organization, to bargain collectively shall not be denied or abridged."¹⁰ The Florida Supreme Court has held that this constitutional provision applies to public as well as private employees.¹¹

From these administrative, judicial and legislative actions several different approaches to collective bargaining have emerged for public employees in the absence of comprehensive legislation. In some states it appears that the public agency cannot recognize, negotiate or sign a collective bargaining agreement. At least in the eyes of the courts and the state attorney general this apparently is still the case in North Carolina, South Carolina, and Tennessee. In two other states, Alabama and Georgia, attorney general opinions apparently permit voluntary recognition and negotiation with labor unions. However, in both states the agreements reached are not legally binding on the public employer. The third approach taken by Florida is to constitutionally permit the full scope of collective bargaining including binding contracts. However, the detailed ground rules concerning such negotiations have

not yet been determined by the legislature.

In spite of this legally repressive climate, collective bargaining is taking place in all of these states as noted *infra*. Some state and local administrative officers seem to be taking the view that, for all practical purposes, they may engage in collective bargaining so long as it is not referred to by that name.

With respect to the right to strike, there is great uniformity both past and present in the Southeastern states. All states prohibit the strike either by judicial interpretation of common law doctrine or through legislative or constitutional provisions. There appears to be no support among public administrators, the legislature or the courts to change this state of the law.

Several comprehensive collective bargaining laws have been introduced in the various state legislatures in recent years, yet only in Florida have differing versions of such a bill passed both houses with a high probability that the Governor will sign the legislation.¹² In at least two states an advisory committee has been formed by the Governor to inquire into the status of public employee labor relations and to make such recommenda-

(Footnote 8 continued.)

City Council cannot meet and confer with members of a public employee union.

"Certainly, it would be ridiculous for this office or anyone else to say that a Mayor and City Council office cannot sit down with its employees and discuss matters of mutual concern. The Supreme Court does say that bargaining agreements reached by the public agencies and public employee's unions are not enforceable in a court of law. In other words, the agreement would be terminable at will by the City or the Union members."

⁹ See generally Beaird, "Labor Relations Policy for Public Employees: A Legal Per-

spective," No. 4 *Ga. L. Rev.*, Vol. 110, p. 127 (1969).

¹⁰ Cited at footnote 5.

¹¹ *Dade County Classroom Teachers Association v. Ryan*, 225 S. 2d 903, 60 LC ¶ 52,117 (Fla. 1969).

¹² As of early Spring, 1974, the Florida House and Senate have each passed a comprehensive bill. However, only the Senate bill provides for dues check-off and mandatory, binding arbitration of grievances. Latest indications are that a comprehensive bill along the lines of the Senate bill will be approved and signed by the Governor.

tions as seemed appropriate.¹³ However, neither Commission recommended the enactment of comprehensive legislation. Thus, it seems that for the present it is difficult to obtain consensus regarding this issue.

The legal and legislative developments in Florida in recent years have been of greater scope than has been the case with any other Southeastern state. As noted above, the Florida Constitution of 1968 extended the right of collective bargaining to public employees. However, thus far the Florida legislature has been unable to agree on any law to implement these new constitutional rights. In the interim the Florida courts have in a series of cases begun to lay out certain ground rules for collective bargaining. In one case the Florida Supreme Court held that the state's "Sunshine Law" requiring all meetings of state agencies to be open to the public did not apply to collective bargaining sessions.¹⁴ In another case the same court decided that the principle of exclusive recognition should not be applied to the public sector.¹⁵ A recent decision by the Florida District Court of Appeals held that the obligation to bargain in "good faith" applied to government agencies in their dealings with labor organizations although the Court refused to impose compensatory or punitive damages for certain "unfair labor practices" committed by a city councilman in the course of bargaining.¹⁶

The Florida Supreme Court has in several decisions urged the legislature to enact appropriate legislation to guide

the courts in implementing the constitutional right to collective bargaining.¹⁷ Recently, in view of the legislative inaction, the Supreme Court appointed a Public Employees' Rights Commission to recommend to the Court guidelines for the Court to follow in implementing the constitutional right to collective bargaining in the absence of legislative action. The report, which was issued in March, 1974, recommended that the Court appoint a "Special Master" in cases involving a request for an election or unfair labor practices. The Commission's report also contained guidelines to be followed by the Special Master in determining appropriate bargaining units and in resolving negotiation impasses.¹⁸ Thus, even if the Florida legislature and Governor do not agree on legislation in this field, the court system will accomplish the same result by the judicial process.

EXTENT OF ORGANIZATION

It has proved extremely difficult to obtain meaningful data on the extent of organization among state and local public employees in the six states under review. At present there is no systematic reporting in existence. There also has been some reluctance on the part of management representatives to disclose any figures which they might have available, perhaps because in some jurisdictions the presence of these data would have revealed that the managers were engaging in activities which their legal counsel had said they could not do. Union rivalries and the potential use of data in

¹³ North Carolina, Report of the Governor's Study Commission on Employer-Employee Relations, December, 1970; South Carolina, Report of the Committee to Study Labor Relations in the Public Sector, January, 1971.

¹⁴ *Bassett v. Braddock*, 262 S. 2d 245, 68 LC ¶ 52,828 (Fla. 1972).

¹⁵ Citation at footnote 11.

¹⁶ *City of Homestead v. International Association of Fire Fighters*, 73 LC ¶ 53,280 (Fla. 1974).

¹⁷ See *Dade County Classroom Teachers Association v. Ryan*, cited at footnote 11.

¹⁸ Recommendations of the Supreme Court Public Employee's Rights Commission, March, 1974.

subsequent organizational activities caused some union leaders to withhold information they might otherwise have revealed about the size of their own membership. Organization also is in an embryonic stage, with memberships fluctuating rapidly. Because of all these factors, data that are available are of questionable reliability.¹⁹

These caveats noted, an attempt has been made to quantify the extent of organization in these states. A recent *Monthly Labor Review* article presented information on the members and percentage of public sector employees unionized by state, including federal employees.²⁰ Using this as a point of departure, information on federal and other public employment in each state was obtained. Estimates were then made of the proportion of federal employees unionized in each state, in light of various other factors including an overall figure that approximately 50 per cent of federal workers were organized in 1968. It then was possible to estimate the proportion of nonfederal public employees unionized per state as of 1968, to arrive at the overall public sector figures cited in the *Monthly Labor Review*. Next, an assumption was made that the percentage of state and local employees unionized remained constant as employment grew through early 1974. This was recognized as an extremely

doubtful assumption which would overstate the true degree of unionization. Employment has risen between 30 and 53 per cent in each of the six states, or an average of 6500 new employees per month in each of the 66 months from mid-1968 to early 1974. Even the most optimistic union organizer contacted, estimated that his union had been adding a thousand members a month for the past 32 months. For the percentage unionized to have remained level with the rapid upsurge in state and local government employment, five or more other unions would have to have been organizing public sector employees about as rapidly for twice as long a period. This appeared most unlikely.

As a result of these calculations and assumptions, it was concluded that in none of the six states are more than 10 per cent of nonfederal public sector employees unionized.²¹ The likely range is from a low of about 1 per cent of the work force in North and South Carolina to a high of 7-9 per cent in Alabama and Florida, with Georgia and Tennessee somewhere in between. At most, perhaps 90,000 state and local public employees in these states belong to unions. A truer range appears to be somewhere between 70,000 and 90,000. These data also appear consistent with estimates obtained from individual union leaders and other state observers and thus

¹⁹ Two new sources of union membership data were expected by mid-1974. One from the Department of Labor, was to follow up on an earlier press release entitled, "Labor Union and Employee Association Membership, 1972, Release No. 73-390 (August 22, 1973)," U. S. Bureau of Labor Statistics. The other was to be a Census Bureau Compendium on Public Sector Labor Relations statistics.

²⁰ Cohany, Harry P. and Lucretia M. Dewey, "Union Membership Among Government Employees," U. S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*, July 1970, pp. 15-20.

²¹ These figures exclude memberships in state employees' associations. Although in many places today the distinction between a state employees' association and a union may be insignificant for all practical purposes, this is not yet the case in this region. The following statement, which is typical of the association view in the Southeast, was contained in a letter of February 22, 1974 from the Executive Director of one State Employees' Association: "We are not a public employee union and have no connection with any. Our association is strictly an eleemosynary corporation operating under the laws of South Carolina."

are offered as perhaps the best presently available.

Principal organizing efforts have been accounted for by a relatively few unions. The International Association of Fire Fighters has been active in most of the states, and may represent up to 85 per cent of all Florida fire fighters. The American Federation of State, County and Municipal Employees has some representation throughout the region also, but has experienced problems in retaining members in a few cases. They appear to have lost members in parts of North Carolina, are experiencing some declines in the face of jurisdictional competition in Atlanta, and while well represented in Dade County (Miami) are continuing their gains there only because additions are exceeding losses. Other significant unions in the region include the American Federation of Teachers with strength in Alabama and in parts of Florida, Georgia and North Carolina, the Laborers International with support in Alabama, and some successes in Florida, South Carolina, and Tennessee, and the Service Employees who represent employees in Alabama, Georgia, and Tennessee. Unions with more narrow public sector bases include the Transport Workers (Florida), the Communications Workers (South Carolina and Tennessee), the International Longshoremen (Alabama and South Carolina), and the Policemen's Benevolent (Florida).

LOST TIME DUE TO WORK STOPPAGES

The most recent 15-year period available (1958-1972) was examined to analyze trends in the number and

extent of public sector strikes in the region.²² The principal conclusions derived from this analysis are as follows:

1. In the Southeast, there is an upward trend in the *number* of public sector strikes, especially in the last nine years. Since 1964, when one strike was reported, the number has increased steadily, to 21 in 1968 and 41 in 1972. Only in 1 year was the trend reversed. This Southeast public sector strike trend appears to run counter to the experience of the fifty states, taken as a whole. The total for *all* states seems gradually and irregularly to be declining from the high of 1969-1970.

2. The percentage of all nonfederal public sector strikes accounted for by the Southeast region was declining from 1966 (8.5 per cent) to 1971 (3.4 per cent) but rose significantly in 1972 (10.9 per cent) even though the total for all states rose 14.7 per cent.

3. For the Southeast, man-days of idleness as a per cent of estimated total working time has been "irregularly steady," while for all 50 states it has been dropping since 1968.

4. Public sector strikes in the Southeast have been resulting in an increasing (but still small) percentage of all man-days lost in this region. For 1972 public sector strikes accounted for 3.1 per cent of all man-days lost due to strikes.

5. Considering both public and private sector strikes, the six Southeast states have consistently been below the U. S. average in man-days lost as a percentage of private nonagricultural working days available. This trend has become even more pronounced. In the public sector, however, the ratio of man-days lost to total nonagricultural working days available has been

²² See, for example, Ordinance No. 256-E of the City of St. Petersburg, Florida, Approved July 8, 1971, or Resolution 73-1036 before the Council of the City of Jacksonville, Florida which approved a

contract between the City and Local 1048, AFSCME, which contract was for the period of October 1, 1973 to and including September 30, 1975.

increasing in the region, even as it has decreased for the 50 states as a whole. Thus, in the Southeast region, the trend in the public sector has differed from the trend in the private sector.

NOTABLE PUBLIC SECTOR ACTIVITY

It was apparent from the "lost time" data presented above that the absence of comprehensive labor relations law in the public sector has not precluded considerable public sector strife. Some of the more significant disputes are highlighted below. However, there have been other public sector industrial relations developments in this region also, including comprehensive collective bargaining negotiations and, in some instances, signed and legally enforceable contracts. That is discussed in this section as well.

The 1970 Atlanta Sanitation Strike

As indicated earlier, the opinions of Georgia Attorneys General had interpreted state law to permit voluntary recognition, bargaining, and non-legally binding agreements. In light of this, there had been a history of "informal negotiations" between the Atlanta sanitation workers, represented for close to 30 years by the American Federation of State, County & Municipal Employees (AFSCME) and the City of Atlanta. These negotiations resulted in "memoranda of understanding" between the parties. On May 15, 1969, for instance, AFSCME and the representatives of the City reached an agreement as to wages, hours, and conditions of employment. It was incorporated into a "Statement of Policy" which was adopted by the City's legislative body, approved by

the Mayor, and approved and accepted by AFSCME.

The dispute in 1970 arose over a union-sought pay increase which the City said it was unable to grant in light of the magnitude of the appropriation it had received from the General Assembly. Following a union rejection of the City's counteroffer, the strike commenced in March, 1970. Initially 2500 of 7200 city workers (including 1400 Public Works Department employees of whom more than 800 were from the Sanitation Division) stayed off their jobs.²³ However, the number on strike diminished steadily and by March 28 was down to 925 of whom 660 were from Sanitation.

The strike lasted 37 days. During this period there were frequent threats and occasional instances of violence, calls for the National Guard to be put on alert, the firing of the strikers by the Mayor, picketing, sporadic negotiations, and an unsuccessful boycott of downtown stores. The dispute also was marked by heated exchanges between the Mayor and a national official of AFSCME, and of charges of racism perpetrated by the City against the largely black and lowly paid sanitation workers. Ultimately a negotiated agreement was reached which included a compromise pay raise, the reinstatement of all fired workers and amnesty for those employees arrested. The City obtained money for the settlement by appropriating it from other departments, especially the Library Department.

Subsequent to the strike the Mayor revoked the dues check-off provision which had previously been in effect by special City ordinance. Support for the union also seemed to ebb and by late 1973 the Laborers' Interna-

²³ For a detailed discussion of this dispute, see "Atlanta Sanitation Strike," *Inter-collegiate Case Clearing House*, Soldiers Field,

Boston, Massachusetts, Case Number 9-472-652.

tional Union stepped up a campaign to gain City recognition and replace AFSCME among the Sanitation workers.²⁴ A new city administration more favorable to public sector unionism took office in January, 1974 and is expected to restore the dues check-off and begin developing some administrative framework for handling public labor relations. In March, 1974, AFSCME apparently continued to enjoy City recognition. At a union meeting that month a wage increase already approved by the City Council was accepted by the union, and the negotiating committee was empowered to accept other, noneconomic offers that the City might make.

Elsewhere in Georgia

A number of other strikes have occurred in Georgia in recent years. These work stoppages have generally involved sanitation workers and have taken place in the cities. They have generally been over recognition and usually have involved predominantly black employees and white city officials. The employee groups generally have been unsuccessful, as the strikes have ended with their discharge and replacement, or their return to work on the City's terms without union recognition.

Another recent noteworthy instance of public sector activity in Georgia involved Chatham County (including the City of Savannah), its Board of Public Education and the Chatham Association of Educators (CAE). In previous years, bargaining there had included such topics as the formation of a grievance committee, dues check-

off, and consideration of "academic freedom." Then in July, 1971, the CAE won representation rights over a rival union in an election participated in by the Board and certified by the American Arbitration Association.

Bargaining commenced later between the Board and the CAE and a contract was negotiated and signed to last from January, 1972, through June, 1973. Included in the printed contract were agreements on salary, teaching days, teaching hours, teaching loads, teaching assignments and conditions, and guidelines for promotions, transfers, leave practices and grievance arbitration.

Subsequently, the Board refused to allocate for increased economic benefits a sum it already had negotiated about with the CAE as an amendment to its budget. The issue was taken to court by the union. In March, 1974, the Georgia Supreme Court issued a decision in which it held that the local school board had no statutory authority to delegate to the union the power to allocate budget funds as increased economic benefits.²⁵ Hence, the Board resolution which had granted these powers was void and unenforceable. The court also stated, in line with earlier interpretations of state law, that the entire collective bargaining agreement was void since it constituted an illegal attempt to delegate powers and authority over employment conditions and the allocation of funds.²⁶

Charleston Medical College

Efforts to unionize the nonprofessional employees of this South Caro-

²⁴ Ultimately AFSCME brought charges before the Impartial Umpire under the AFL-CIO Internal Disputes Plan that the LIU had violated the AFL-CIO Constitution. A hearing was held and in May, 1974, Impartial Umpire David L. Cole rendered

a determination favorable to AFSCME. Case No. 74-25.

²⁵ *Chatham Assn. of Educators, Teachers Unit v. Board of Public Education, City of Savannah and County of Chatham, Ga. S. Ct., 73 LC ¶ 53,282.*

²⁶ *Ibid.*

lina hospital in the Fall of 1968 led to an unsuccessful bid for union recognition and a refusal by the hospital management to engage in collective bargaining. Thereafter, the unionized employees resorted to mass picketing. A strike ensued in 1969, court orders were issued to restrain the picketing and, following the outbreak of violence, the Governor issued an Executive Order saying that a state of emergency existed in the City of Charleston. A curfew was imposed and the National Guard was mobilized to enforce it. Eventually the dispute was argued in the circuit court and a ruling was handed down which declared the picketing and strike illegal since, the court stated, these activities were in support of collective bargaining and there was no constitutional right of public employees in South Carolina to engage in collective bargaining.²⁷

Following the court action, informal agreement was reached between the hospital management and the union involved. In effect, recognition was accorded the union and "negotiations" occurred.

Other Negotiations

Examples abound in the other Southeastern states of negotiations which have taken place, generally of the informal "meet and confer" variety. In Durham, North Carolina, for example, "meet and confer" sessions and the dues check-off arrangements have been in existence for more than 20 years, despite a ruling by an attorney general that these arrangements were illegal. "Meet and confer" bargaining occurs in Alabama also, notably with the State's Alcoholic Beverage Commission and also with the State Highway Department.

The sanitation strike which took place in Memphis, Tennessee in 1968

over the issue of union recognition was widely reported, especially after the late Dr. Martin Luther King, Jr. went there to support the striking black workers and then was assassinated. Less well-known is that since 1968 there has been bargaining and memoranda of understanding "agreements" in Memphis. Memphis has not experienced a public sector work stoppage in that period and approximately 15 different units are represented in the bargaining which has occurred.

In Nashville and Chattanooga, Tennessee, negotiating sessions also have been held. There are four bargaining units in Nashville and there have been a number of written agreements negotiated. The City Commission in Chattanooga conducts *de facto* negotiations with a labor coalition of municipal employees which represent the teamsters, the police, the fire fighters, and the laborers, among others. While no contracts have been signed, the salary increases granted by the City reflect, in part, the demands of the unions.

Florida

It appears that to date the greatest incidence of signed collective bargaining agreements in this six-state region has been in Florida. Several cities there also have passed ordinances legalizing these contracts. At present, the City of Jacksonville and AFSCME have an agreement covering all office, clerical and administrative employees of the City, the School Board, and the Electric, Port and Hospital Authorities. It is a comprehensive agreement. Among its many provisions are the recognition of the union as the exclusive bargaining representative, dues check-off for union members (no union security), a standard, detailed "management rights"

²⁷ See footnote 6 *supra*.

clause, wages (including a reopener), hours, and benefits language, discipline and discharge procedures and a grievance clause for which the last step is the Director of Personnel, or the equivalent in the Authorities. Where dismissal, demotion, pay reduction or suspension is involved, however, a civil service employee can appeal to the Civil Service Board in Jacksonville.

The City of St. Petersburg has a contract with the Policemen's Benevolent Association, one with the International Association of Fire Fighters, and six with the International Brotherhood of Firemen and Oilers, one each for the laborers, equipment operators, municipal maintenance, sanitation, inspection, and transit bus operators. Each is broad based and the Fire Fighters contract includes advisory arbitration. For other employees, grievances are referred to the Civil Service Board. The Board's recommendation is passed on to the City Manager who makes the final decision. Promotions are subject to the Rules and Regulations of the City's Personnel Management System.

A number of contracts have been negotiated in the Dade County/Miami Area. Two examples will suffice. Dade County and the Dade County Policemen's Benevolent Association recently negotiated their third collective bargaining agreement. In it, the union is recognized as *the* (italics added) collective bargaining agent of employees in the bargaining unit. The grievance procedure has as its last step final and binding arbitration. The contract is comprehensive; however, agreement is subject to the appropriation of necessary funds by the Board of County Commissioners.

The City of North Miami Beach and the Dade County Policemen's Benevolent Association recently negotiated their first contract. Unlike the

Dade County agreement, there is heavy reliance on the City's Civil Service Rules and Regulations. For example, the sole and exclusive jurisdiction to review discipline or discharge for violating a no-strike clause is as provided in the Civil Service Rules and Regulations. Only the question of *participation* (italics added) is subject to the grievance/arbitration process. Also, hiring and promotions are subject to the Civil Service "Rule of Three", and the Civil Service Board can [presumably unilaterally] adopt changes in their Rules and Regulations pursuant to Charter Authority. The remainder of their contract is rather standard, although the seniority provisions are applicable only when vacation scheduling or layoffs are at issue, and wages are determined not through direct negotiations but as a result of comparability with those in Dade County.

* * *

From this brief review of public sector activity in the Southeast, it is apparent that union recognition, collective negotiations, and the signing of written agreements are taking place, despite the negative legal and legislative climate which still pervades the region. In this respect, at least, developments here are similar to those of the private sector in the 1920's. The status of law in the public sector in these six states is not indicative of the industrial relations developments.

PROGNOSIS

As was indicated at the outset, much additional data need to be gathered and systematically analyzed before a comprehensive examination of developments in the region can be made. However, it appears appropriate at this juncture, based on the research completed to date, to offer some tentative predictions about the future of

public sector labor relations in the Southeast.

Extent of Organization

The number of nonfederal public employees unionized will continue to increase, but not dramatically. This growth appears likely to be mainly at the local, rather than the state, level. The greatest growth probably will occur in Florida. Teacher and fire fighter unions are strong in terms of their organizing potential. Sanitation workers are ripe for unionization but generally do not present cohesive, durable groups. Growth will depend on the particular local organizational climate. Political figures (such as mayors) have an important effect on the feasibility of growth.

Changes in State Legal and/or Administrative Framework

Chances for any broad, comprehensive public employee labor legislation seem very slim in these states for at least the next five years, with the exception of Florida and possibly Tennessee. Some growth of administrative structures in response to *de facto* bargaining may occur, but there is unlikely to be any machinery developed for public sector collective bargaining in advance of actual experiences.

There also may be some increase in resort to special interest legislation for certain groups, as has been the way used in the past to confer certain collective bargaining rights on fire fighters. This is not likely to be widespread in the region, however, as the general unwillingness to enact public sector labor law extends to the individual groups as well.

Effect of Possible Enactment of Federal Legislation

Two alternative pieces of federal legislation presently are under Congress-

sional consideration—H. B. 9730, which would eliminate the exclusion of government employes from the coverage of the National Labor Relations Act, and H. B. 8677, which would create a Public Employee Relations Commission to administer public sector labor relations. What would the likely impact be on public sector labor relations in the Southeast if either approach to labor relations law in the public sector were enacted at the federal level? Several factors would suggest a likely increase in union activity. Employees might feel freer to come out in the open, and might have less fear of "reprisals," especially if legal remedies were included under the law. Unions might also find it easier to compel meaningful collective negotiations.

On the other hand, the Southeast remains a strong nonunion environment. Public sector unions' organizational abilities appear underdeveloped in this region also. A feeling persists especially here, that public sector employment is *different* than private sector work. Lastly, public sector management in the 1970's in the Southeast is not equivalent to private management of the pre-Wagner Act days. The problems facing public employees are clearly not the same.

Thus, the effect of federal legislation probably would be a *slight* increase in organization and possibly some decline in strike activity. However, dramatic shifts seem unlikely.

Florida, a Trend Setter?

Mention has been made of some of the unique developments in public sector labor relations in Florida. It is well to consider, therefore, the extent to which Florida is likely to foreshadow the approaches taken by her neighboring states. Florida's example is unlikely to be replicated, although

Florida can be expected to continue with innovative approaches in the public sector. The Supreme Court of Florida has repeatedly demonstrated its willingness to adopt a peculiar constitutional approach in this field. The courts in the other states have not been innovative, nor have they had an opportunity to prod their legislatures to act. There is little reason to expect much change in these other courts. Florida's judiciary stands alone in this region.

Racial Overtones

The region is experiencing a gradual increase in the number and percentage of black employees in public sector jobs, especially those at the lower levels. It is these entry level positions which can be expected to play a key role in union affairs. To the extent, therefore, that blacks increase as a per cent of the work force faster than they do as public managers and administrators, it is likely that there will be a greater incidence of racial bargaining confrontations here than in other parts of the country.

Overall Extent of Confrontation/Strike Activity

Threats of concerted work stoppages and actual shutdowns will continue

on an uneven basis throughout the region. Certain sectors such as sanitation and public school teachers will probably be in the forefront. The larger cities in the region also can be expected to be the lead areas for strikes and other public sector employer-union confrontations.

Not Likely to Parallel the North

Subsequent developments in public sector labor relations in the Southeast can be expected to continue taking on a strong regional identification. Even the courts cite the decisions of neighboring state courts in their own decisions. What occurs here is likely to be more unique to this region and should in general include less confrontation. Also, there probably will be more localized involvement and decision-making, including less use of national union leaders and top level administrators and continued reliance on community leaders.

Public sector labor events also can be expected to involve more racial significance than in other parts of the United States. This conclusion appears warranted in view of the historic evidence and the employment trends noted above. [The End]

Labor Relations in the South: A Management Point of View

By WILLIAM B. SPANN, JR.

Alston, Miller, & Gaines (Atlanta)

IN A MOMENT OF WEAKNESS, I agreed to discuss with you this afternoon the subject of *labor relations in the South from a management point*

of view, but I am most reluctant to present to the members of a group known as the "Industrial Relations Research Association" with far more expertise than I can possibly claim any profound and definitive conclu-

sions concerning developments in the field.

However, I have been engaged in the field of industrial relations for over 30 years. My beginning was not as a lawyer but as an industrial relations officer for the United States Navy handling Navy civilian personnel on air stations during World War II. After some 2½ years of this work in the Navy, I was at least assumed to have developed some expertise. On returning to the law practice in the Spring of 1946, I began to do labor work of all sorts, representing management primarily, and I have continued in this field up to the present time.

I want to share with you certain observations concerning developing labor-management relations in the South, but first I will offer certain personal conclusions as to the individual philosophy of the southern employee which has, I believe, brought us to the present state of development in the Southeast.

The National Labor Relations Board's last available annual report¹ covers the fiscal year 1972. In the Appendix,² the Board reports on representation elections held throughout the country tabulated by federal administrative regions rather than by labor board regions. From this table appears what to me is a most interesting and significant statistic. Region IV covers the Southeast (Ala., Fla., Ga., Ky., Miss., N. C., S. C., Tenn.) and in that region for the fiscal year 1972, of the total valid votes cast in representation elections, the unions received only 48.2 per cent. This percentage is even more surprising when we realize that unions normally withdraw rather than take a defeat at the polls if they correctly anticipate the situation. Of the 10 standard administrative regions

covering the United States, this is the only region in which the percentage of the total vote cast was in favor of management. The average for the total of all 10 regions was 57.2 per cent for the unions. In the heavily urban Region II which includes Delaware, New Jersey, New York, Puerto Rico and the Virgin Islands (the Virgin Islands being a completely insignificant factor), the pro-union percentage was 69.5 per cent. The region nearest to that of the Southeast and having a bare majority for the unions of 50.6 per cent is Region VIII, another predominantly rural area including Colorado, Montana, North Dakota, South Dakota, Utah and Wyoming. Actually, the Southeast and the area west of the Mississippi embracing the Rocky Mountains but not including either the west coast or the states immediately west of the Mississippi, are the only areas which remain in large measure in the organizational stage of labor-management development rather than being in the bargaining stage. There are, of course, many strong union organizations in the Southeast but the representation is largely in national concerns which were unionized in other parts of the country and which have brought their unions with them or have not opposed organization. The local or regional employer has continued consistently to resist organization and, obviously, with greater success than in other sections of the country. If my explanation of the basis for this phenomenon is sound, it will explain not only the state of union organization in the South but also the developments in the civil rights area.

The large urban community is a comparatively recent development in the Southeast. Atlanta's metropolitan area population is now about 1,750,000;

¹ The 37th.

² Pp. 258 and 259.

in 1920 it was 200,000 and, even so, Atlanta was the largest city in the Southeast although there was not as much difference between Atlanta and its neighbors as there is today. The economy of the South at the time of the passage of the Wagner Act and the original Fair Labor Standards Act was still predominantly agricultural. As industry moved into the area and centered about urban communities, this industry was manned with employees having a rural background. Industry located outside of the cities was manned largely by members of families who continued to live on the farm, some members of the family continuing with their agrarian pursuits while others worked in industry. It was not unusual a few years ago to find industrial plants looking for temporary employees in the summer, not to cover vacation periods but to let the regular employees assist in the heavy farm work involved in certain periods of the cultivation and harvest cycle.

As industry has continued to grow in the Southeast, there has been more and more movement from the rural areas into urban areas, but there are still many members of the work force who have a southern rural background; even members of the second generation, born in urban areas, retain considerable ties to their rural roots. The March 13, 1974 issue of BNA Daily Labor Report sets forth projections by The National Planning Association for the 1970-1985 period. It states that the Southeast is expected to lead in absolute job growth with a rise of 4.9 million. The reasons for this anticipated growth are given as "low labor cost, faster gain in per capita personal income, and the ready availability of labor displaced from agriculture." The flow of the agricultural laborer to industry has not ended but

will continue with us for a long period of time.

But you say, "What does this mean? Why are you telling us this?" If my theory of the philosophy ingrained into the southern farm worker is sound, then it becomes significant in explaining most of what goes on currently. The completely agricultural economy of the South prior to the Civil War was totally disrupted with the result that for a period of 75 years the southern farmer, even the poor white or black tenant farmer, was independent in the sense that he had to act for himself; he had no one on whom he could lean. While few such farmers ever saw sufficient money to constitute what was regarded as even a poverty wage, they lived off the land; they depended on their own ingenuity; and there was no one seeking to help them, advise them or lead them. There were no government subsidies or loans, no disaster relief. This independence became deeply imbedded and is not easily lost. The desire to act and speak for one's self persisted when these individuals became a part of the industrial work force. They have elected to remain free to take their own positions without having anyone to speak or act for them. In the current vernacular, they want to be their own man, do their own thing.

It is easy to point out, as my friends in the labor unions repeatedly do, that the large and powerful union could get far more for them than they could for themselves, that the employee has benefited either directly by the union movement or indirectly by the necessity for unorganized industry to remain competitive in the labor market, but these allegations of the unions, assuming arguendo that they are true, have not changed the ingrained philosophy of independence of the southern employee, and 40

years of industrial growth in the South has done little to affect it.

There is no space to cite or discuss examples, but it is my firm belief that the attitude of the southern employee, while slowly changing, is still, as a group, much as I have depicted it.

Unions have made strong concerted efforts to organize southern employees. The first of these involved the famous CIO "Flying Squadrons" in the 1930s. After World War II in the late 1940s and the early 1950s, there were two drives aimed primarily at the textile industry in the South which resulted in the expenditure of millions of dollars and produced very little results. Most recently, from May of 1969 into 1971, we have seen the efforts of the Alliance for Labor Action, an organization planned and financed primarily by the UAW and the Teamsters with one or two other unions participating at times.³ The purpose of ALA was a concerted membership drive on Georgia and the Atlanta area in particular. Reputedly, over four million dollars was dumped into the campaign and someone has estimated that the unions spent approximately \$1,200 per man for each new worker represented. This effort can only be called a complete failure.

In the 1960s, we saw the rise of the civil rights movement which reached its zenith before the end of the decade. One of the basic purposes of this activity was the improving of the employment situation of the minorities. In Atlanta, there was a reasonably successful effort by a group of black ministers who functioned under the name of "Operation Boot Strap." Demands were made on many southern employers, picketing had reasonable success, and many changes were accomplished. We may well inquire as

to why these efforts were successful while the strong and well-financed drives of major unions have failed. The answer again is to be found in the philosophy of the southern employee. The leaders of the black movement in this area were local leaders. They were a part of the very black community which was organized to seek redress of its grievances. Many of these leaders were ministers of the gospel and known to a number of those they sought to organize through the pulpit. While the attitude of individualism of the rural worker may be less strong in the black community, the success of the civil rights movement in the '60s is still consistent with the general philosophy. The local black leaders were able to persuade the blacks that they were indeed "helping themselves," that they were not relying on an organization with which they were not well familiar, that they were themselves that organization, indeed, the name "Operation Boot Strap" expresses this philosophy of self-help.

But the civil rights movement is becoming less effective. Insofar as employment is concerned, the movement has slowly converted into the posture of a labor union. The most recent efforts in the '70s have combined civil rights demands with many elements which are strictly the subject of collective bargaining. For example, the demands made by Hosea Williams in his so-called "Black Manifesto" to Sears, Roebuck in the summer of 1972 included, in addition to demands for improvement of the conditions of employment and relationship of the black workers, traditional collective bargaining demands such as sick leave at the rate of one day per month cumulative up to 3 years with any unused days paid on separation, providing of uni-

³ The Chemical Workers, National Distributive Workers of America.

forms to all employees in the warehouse, Christmas bonus for all employees, an extra holiday (Martin Luther King's birthday), full company-paid hospital program, and even a demand that the buyers in Sears' stores work only in the office area and not on the floor.

Shortly after the rather successful Sears' confrontation, Hosea Williams and his group, shaping up more and more as a strong union activity, took on Mead Paper Company and issued there another "Black Manifesto" containing approximately 50 demands. Selecting some 10 of the demands almost at random, we find them to be straight collective bargaining proposals. For example, it was demanded that Mead improve working conditions, eliminating dust, improving ventilation, providing medical facilities, and various safety improvements, that the rank-and-file employees have the same benefits as the managerial employees, that there be a two weeks' notice for layoff, that all employees receive a company-paid 30-minute lunch period and two 10-minute break periods, that there be fully company-paid life and health insurance, that there be no compulsory overtime, that there be a 50¢ per hour increase with a cost-of-living supplement and a 1-year contract to expire in May of 1973 (the manifesto was issued in August of 1972) and that supervisory employees be discharged on the vote of two-thirds of the workers whom they supervised. All of this activity, including picketing and a strike, occurred at a time when Mead actually had a labor contract with another union; however, Hosea Williams' group and the incumbent union both participated in a settlement that represented a partial victory.

On November 29, 1972, an article appeared in *The Atlanta Journal* in

which it was announced that the Southern Christian Leadership Conference was linking itself with a labor union. The union mentioned was The National Distributive Workers of America which had been a participant in the Alliance for Labor Action. The distributive workers, as you probably know, is a union controlled by blacks and was a spin-off from the RWDSU. This alliance between the Distributive Workers and the SCLC resulted in the creation of what the article called a new labor organization named "The Poor People's Union."

In 1973, this hybrid organization, headed by Hosea Williams, moved into confrontation with Rich's, The Citizens and Southern National Bank, and J. C. Penney. At the same time, there were efforts made towards many smaller employers. Although signs referring to The Poor People's Union appeared on picket lines, Rev. Williams claimed that he was helping minority employees against discrimination and denied that he was functioning as a labor union. There was some form of settlement at Rich's but these last three efforts must be regarded as ineffectual, and the result was really a failure on the part of the movement. Despite Rev. Williams' denial that he was functioning as a union, the NLRB very recently brought a complaint case against The Poor People's Union naming Rev. Williams as agent.⁴ This case was settled a few week ago by the union withdrawing its answer which left the complaint in default, thus, in effect, admitting that The Poor People's Union was in fact a labor organization with Hosea Williams as its agent. It is significant that, as the black movement has moved from a civil rights effort to more typical labor union ac-

⁴ *S. H. Kress & Co.*, 10-CB-2321, Sec. 8(b)(1)(a) Complaint, Decision, March 29, 1974.

tivities, it has become less and less effective.

One other factor is entering into labor-management relations which may tend to change the situation more rapidly since the philosophy of the southern worker is much less an element. I refer to the enforcement of Title VII of the Civil Rights Act. In the past several months, we have seen two significant settlements in the Atlanta area. On December 27, 1973, The First National Bank of Atlanta entered into settlement of a suit brought by two individuals and as a class action. The terms of the settlement are fairly harsh but, even so, are probably kinder than an ultimate judgment would have been. The decree set up many safeguards. It requires full notice of the decree to all employees and prospective employees, to future employees by posting at the place of application, to rejected applicants by mailing, and to present employees by holding meetings to explain the decree together with mailing a copy of the decree to their homes. Other provisions of the consent decree required the development of objective standards for each job, training programs to educate minorities, job posting for all nonmanagement positions, an initial objective of 22 per cent minority employees with a formula for moving these employees up in salary; the cost of the formula alone is disclosed in the decree as an estimated \$100,000.⁵ There is also a formula for advancing the pay of all employees when necessary to be competitive with other firms in the community. As to what this has to do with enforcement of Title VII, your guess is as good as mine.

On January 31, 1974, the district court for the Northern District of Georgia entered its amended and final decree in a case brought by the Attorney

General as a pattern or practice suit against the Georgia Power Company. The very significant opinion of the Fifth Circuit Court of Appeals was entered a year earlier on February 14, 1973. Under this decree, Georgia Power Company will be operating under an injunction for at least 5 years with monetary penalties of back pay of about \$1,750,000, back pension adjustments of about \$50,000, payment of attorneys' fees in the neighborhood of \$45,000, and with extensive affirmative action obligations including reporting requirements both on a quarterly and an annual basis. The requirement for a high school diploma or equivalent and the company testing program have been virtually eliminated. The company may not use any test until the government and counsel for private plaintiffs have had a chance to object to claim of validation of the test, and the company is required to set up a complaint procedure to be monitored by the Department of Justice and private plaintiff's counsel as well as the court relating to its compliance with the decree in question.

The EEOC may accomplish in large measure through investigation and through its 1972 direct suit procedure much of that which has not been accomplished by organization and collective bargaining. Atlanta has the largest staff of the 5 regional EEOC offices throughout the country. The number of charges filed is increasing, there is a present national backlog of 90,000, the Atlanta region has about ¼ of these, the '72 amendments expanded the jurisdiction to public employees as well as private. The philosophy of independent individual action so long ingrained in the southern employee is no longer a shield to the employer against statutory relief under Title VII of the Civil Rights Act as amended.

⁵ (Equalization pay up to \$750 each for the first 140 minority employees promoted

—\$175 plus \$30 per month of service up to \$750 (20 months).)

Thus, we may expect for labor-management relations of the immediate future that the EEOC will be playing an increasingly important part. Changes to comply with the Act will have a domino effect in dictating other changes in working conditions.

The southern employer has been reluctant to deal with the problem voluntarily. The settlements which I have referred to, among others in our area, have caused a great deal of talk and planning but action is slow in coming. Recently, the President of one company, recognizing that the company had a problem, employed an executive for the express purpose of taking action to comply with the requirements of the Civil Rights Act. After surveying the situation which required a good deal of immediate change even to begin compliance, the new executive called a meeting of all department heads. Less than half of them actually turned up. He rescheduled the meeting after obtaining a direct order from the President of the company that all department heads would attend or explain personally to the President the necessity for their absence. This, at least, resulted in a full meeting but whether it will result in a change of the fundamental attitude of management as expressed

by its intermediate department heads remains to be seen. Yet the attitude of these supervisors is typical.

What does all this mean? It means that we will continue in the Southeast to see efforts at unionization meeting with indifferent success for some time to come. It means that the unions must change the philosophy of the worker as well as their own methods of approach if they are to make greater progress. It means that EEOC activity will in large measure replace civil rights activity in the labor-management area and that the EEOC will indirectly have a strong influence on the labor-management relations pattern in the immediate future. All of this means to management investigation, conciliation, litigation and continued organizational drives resulting in disruption and interruption of the work force. And we have not mentioned the wage-hour amendments which will have greater impact in the Southeast than in most sections of the country.

If there is to be any conclusion drawn from these somewhat random remarks, it can only be that, from a management point of view, labor-management relations will afford us some busy years ahead. **[The End]**

Table 15B.—Standard Federal Administrative Regional Distribution
of Representation Elections Held in Cases Closed,
Fiscal Year 1972

Standard Federal Regions ¹	Total Elections	Total Number of Elections in Which Representation Rights Were Won by Unions	Percentage of Elections Won by the Unions	Total Valid Votes Cast	Total	Valid Votes Cast for Unions
Connecticut	95	49		11,472	6,777	
Maine	42	22		2,367	1,120	
Massachusetts	239	122		12,177	6,225	
New Hampshire	39	21		1,238	598	
Rhode Island	35	14		1,737	721	
Vermont	13	10		358	294	
Region I	463	238		29,349	15,735	53.6
Delaware	31	15		3,029	1,211	
New Jersey	317	184		13,903	8,316	
New York	488	281		40,655	31,295	
Puerto Rico	198	114		14,901	9,617	
Virgin Islands	7	3		257	148	
Region II	1,041	597	57.3	72,745	50,587	69.5
District of Columbia .	42	27		1,274	661	
Maryland	170	82		15,006	10,040	
Pennsylvania	580	334		28,227	14,908	
Virginia	73	39		21,730	17,072	
West Virginia	95	58		4,701	2,504	
Region III	960	540		70,938	45,185	63.4

¹ The States are grouped according to the 10 standard Administrative regions.

Table 15B.—Standard Federal Administrative Regional Distribution of Representation Elections Held in Cases Closed, Fiscal Year 1972

Standard Federal Regions ¹	Total Elections	Total Number of Elections in Which Representation Rights Were Won by Unions	Percentage of Elections Won by the Unions	Total Valid Votes Cast	Total	Valid Votes Cast for Unions
Alabama	155	78		11,768	5,734	
Florida	210	98		11,447	5,281	
Georgia	183	89		14,479	6,713	
Kentucky	135	61		8,436	4,087	
Mississippi	62	29		7,795	4,047	
North Carolina	122	55		14,080	6,711	
South Carolina	59	34		7,524	3,438	
Tennessee	182	96		15,658	7,973	
Region IV	1,108	540	48.7	91,187	43,984	48.2
Illinois	388	174		23,363	11,832	
Indiana	295	157		15,673	9,444	
Michigan	552	305		26,536	13,811	
Minnesota	180	110		5,461	3,296	
Ohio	548	306		26,980	15,741	
Wisconsin	235	131		8,304	4,736	
Region V	2,198	1,183		106,317	58,860	55.4
Arkansas	65	35		4,608	2,292	
Louisiana	139	69		9,405	5,616	
New Mexico	42	20		757	369	
Oklahoma	99	53		5,473	2,645	
Texas	328	180		20,030	10,459	
Region VI	673	357		40,273	21,381	53.1

¹ The States are grouped according to the 10 standard Administrative regions.

Table 15B.—Standard Federal Administrative Regional Distribution of Representation Elections Held in Cases Closed, Fiscal Year 1972

Standard Federal Regions ¹	Total Elections	Total Number of Elections in Which Representation Rights Were Won by Unions	Percentage of Elections Won by the Unions	Total Valid Votes Cast	Total	Valid Votes Cast for Unions
Iowa	109	68		4,899	2,690	
Kansas	74	48		2,529	1,366	
Missouri	279	140		24,853	17,567	
Nebraska	48	29		1,632	831	
Region VII	510	285	55.9	33,913	22,454	66.2
Colorado	133	63		3,805	1,766	
Montana	47	32		644	373	
North Dakota	20	10		522	229	
South Dakota	22	14		525	274	
Utah	54	28		2,233	1,278	
Wyoming	11	4		399	196	
Region VIII	287	151		8,128	4,116	50.6
Arizona	77	52		2,360	1,262	
California	1,110	582		47,420	23,980	
Hawaii	59	33		1,859	1,038	
Guam	1	0		31	6	
Nevada	46	18		1,710	762	
Region IX	1,293	685		53,380	27,048	50.7
Alaska	28	17		294	161	
Idaho	21	9		606	305	
Oregon	141	78		3,721	2,117	
Washington	200	107		8,626	5,067	
Region X	390	211		13,247	7,650	57.7
Total, all Federal regions	8,923	4,787	53.6	519,477	297,000	57.2

¹ The States are grouped according to the 10 standard Administrative regions.

Changing Labor Relations in the South—A Union Response

A Discussion

By E. T. KEHRER

Civil Rights Department, AFL-CIO

ONE CAN MEASURE the change in southern labor relations in personal terms—no longer do we have widespread use of organizer's licenses, such as I encountered in 1955 in Baxley, Georgia, where a local ordinance required a payment of an annual license of \$1,000 to solicit membership, plus \$500 for each authorization card signed. This type harassment was declared unconstitutional by the U. S. Supreme Court in *Staub v. City of Baxley*. Many other southern communities tried the same tactic for a time, but have abandoned it. Change! Or one can measure labor relations in terms of "hanging of e-figies"—or by threats on one's life—my last such experience being in 1968.

But even more basic changes are occurring. Professors Jedel and Rutherford have described well the state of the law (or lack thereof) on collective bargaining for public employees and their figures, though incomplete, are in keeping with my understanding. What is as important to appreciate, however, that precisely because of the "jungle" in which public employees try to develop unions, they are relying much more heavily on political coalitions for results. The City of Atlanta elections of 1969 and 1973 are a good case in point. Following the election of Sam Massell and his mishandling of the strike of sanitation workers in 1970, this became a key test for a coalition of labor, blacks, and liberals—those

who supported Massell lost, those who were pledged to collective bargaining for city employees, with one exception, won. The southern political climate is shifting toward collective bargaining for public employees in true life, if not in law.

I do not subscribe to Billy Spann's theory that union organization is low in the South because of the southerner's "independence." Rather, I relate it to the heavy presence of large militantly anti-union textile and other business interests in these states (Georgia, South Carolina, and North Carolina, particularly), who have for generations controlled total communities, politics, schools, churches, banks, and jobs.

Even so, I wish some academics would study the difference between freely signed union authorization cards and final votes in NLRB elections. My experience in the garment industry would indicate that out of more than 100,000 authorization cards signed, we ultimately came out with about 15,000 workers covered by contract.

There are some other important indications of change. One is the growth in the number of black trade union leaders. We estimate that there are well over 1,000 black union leaders in the South, ranging from shop stewards, to officers, to several hundred full-time staff—and growing fast.

This is a reflection of the changing racial composition of the work force and has a direct bearing on organization. I would state this as a basic

principle—organization of a particular plant or industry is directly related to the extent of the integration of the work force. Thus, my union lost a bitter strike at Oneita Knitting Mills, Andrew, South Carolina, in the early 60's, 95% white. The TWUA won a strike at Oneita Knitting Mills, in 1973, at least 50 per cent black workers.

Spann, in his paper, attempts to relate SCLC's decline to a shift from civil rights activities to union activities. The so-called "Poor People's Union" was developed by a local "chapter" of SCLC. In virtually every instance, while making demands that sound to Spann like "union" demands the fact is that there were no members nor contracts achieved, nor ongoing attempts to represent the workers on grievances, etc. The plain fact is that these efforts largely "fingered" militant workers for the employers, and

my understanding is that most have since lost their jobs.

It is significant to me that at almost the very moment the NLRB was deciding the "Poor People's Union" was a "union", the leader, Reverend Hosea Williams was announcing that he was taking the movement "from the streets to the board rooms."

Finally, I share Jim Youngdahl's belief that the flexibility of southerners provides a hopeful note for the continued development of unions in the South. It may be attributed to the relative lateness of industrial development in the South, or the relative flexibility of southern institutions to submit to change, but it also says something about "southern" concern for people problems. I am convinced that this generation will see the full blossoming of unions in the southern region. **[The End]**

SESSION III

Impact of the Energy Crisis on Industrial Relations

The Energy Crisis and the Future of Income and Employment

By HUGH FOLK

University of Illinois

THE UNITED STATES has just emerged from an energy crisis in which some imports of petroleum were interrupted, leading to a shortage of fuel. In particular, there was less gasoline available at prices people were willing to pay than prior to the crisis. Coal miners and independent truckers struck on account of the shortage. Sales of large automobiles dropped, and automobile workers were laid off. Gasoline filling station workers and airline workers were laid off because of the lack of fuel.

The performance of the government during this period was marked by lack of forethought and leadership. Despite government spending on various offices of emergency planning, there were no contingency plans for this import embargo, though it was predictable, and, in fact, widely predicted. It was inconceivable that the United States could continue to follow its Middle East policy of supporting Israel and still expect to maintain supplies from Arab countries.

Lack of foresight and indecision made the emergency worse than it had to be. The United States did not know whether to continue to depend on growing imports, or to try to meet its needs from domestic supplies. The continuation of the import quotas until May 1973, and the continuation of crude oil price controls long after American crude oil production had reached its peak (in 1971) are symptomatic of the government's fundamental misunderstanding of the situation. Either we should rely on more imports, in which case quotas should be abolished and emergency stockpiles developed, or we should try to develop our own supplies, in which case prices should be allowed to rise to induce additional exploration and development.

The blame for the energy crisis must lie in the Administration's failure to face this simple but difficult choice.

We face the same choice between imports and autarky that we faced before the crises. The embargo and the greatly increased oil prices which now prevail in the world market do not mean that we must pursue a policy of independence. The President's proposal for Project Independence was not well considered, and the specific measures which will be necessary to implement it will be burdensome and expensive.

The lesson to be learned from the crisis is that we should develop an energy policy which provides cheap and reliable fuel supplies. This means relying on imports when they are cheap, and developing both stockpiles and the capability to produce our own fuels if necessary.

One essential ingredient of such a policy is a program of energy conservation. Whether we import fuels or produce them domestically, there is no sense in wasting energy. With higher energy prices, energy conservation makes sense for individuals. Substantial opportunities for consumer conservation (e.g., improved home insulation, car pooling, simple economies in clothes washing and drying, and turning off lights) do not require any particular hardship or sacrifice.

Much of the conservation that occurred during the crisis was the result of industrial action to reduce heat waste and still provide reasonable levels of temperature and lighting. Further conservation efforts by industry through reduction in process energy use and more efficient machinery are forthcoming.

Energy conservation in transportation will allow substantial savings. A switch to smaller cars, mass transit, and railroads would save substantial amounts of energy. If fuel prices rise to the levels which will be necessary

if we rely on domestic resources, then a substantial shift in means of transportation and travel will occur. Automobile production will shift permanently to smaller automobiles with lower value and lower labor requirements. Urban mass transit, heavily subsidized, will replace much auto commuting. Railroads, armed with substantial public subsidies, will provide transport for increasing numbers of passengers and freight.

Project Independence

Project Independence means a switch from imported fuels to domestic fuels. The United States possesses large resources of oil, coal and oil shale, and substantial nuclear resources. These are high-priced sources of energy, and, more importantly, their development requires very large amounts of capital. The total capital investment required to provide independence by 1980 will amount to at least 500 billion dollars under current assumptions. This implies a substantial shift from present patterns of investment.

In addition to disrupting capital markets, a policy of autarky would be environmentally disruptive. The rapid expansion of coal production would require widespread strip mining, especially in the West where land reclamation would probably be impossible due to lack of water. Development of coal gasification would require water which has alternative agricultural uses. A rapid buildup in nuclear power and processing would substantially increase the probability of a nuclear disaster.

It is not clear, even if the resources were made available, that the target of autarky by 1980 could be reached. The massive investment program, the heavy burdens on the railroads, and industrial and skilled worker shortages might prevent its successful achieve-

ment. Thus, we might make the investments without obtaining the energy, and be forced to continue to rely on imports.

Autarky means high-priced fuels. Project Independence will inevitably mean that consumers will pay more for gas, gasoline, and for all energy-intensive goods. It means that resource owners will receive a larger part of the national income. It means that all American energy-intensive exports will have high prices, and will be at a competitive disadvantage in world markets. It means smaller cars and less travel.

Diversion of investment from other industries to the energy industries will mean that economic growth will be retarded in manufacturing and other industries.

Energy independence is but the first step on the road to complete autarky, with all that that implies for income and wages. In time, no doubt, we can become independent, but the price of independence in terms of income foregone is more than we ought to bear.

Free Trade in Energy

For the United States, the alternative to a policy of autarky is the importation of fuels whenever they are cheaper than domestic fuels. It is in our interest to reduce domestic fuel costs by improving domestic fuel technology, and to reduce the cost of imports by judicious diplomacy and bargaining.

The success of the OPEC cartel in raising world oil prices is a temporary success. One immediate consequence of high-priced oil is a rush of exploration and discovery. The United Kingdom, for instance, is well on its way

to energy independence with recent offshore discoveries. France has already signed long-term agreements, and may be substantially out of the market. China and the USSR seem to be in vigorous head-to-head competition to provide Japan with oil. If the United States becomes independent, who will buy Persian Gulf oil?

It is cheap to produce oil in the Persian Gulf. Adelman demonstrated that the cost of production of crude oil in the Persian Gulf is very low, perhaps \$10/bbl in 1968.¹ He also demonstrated, on sound production principles, that with no new discoveries in the Persian Gulf and with production of 170 billion barrels between 1970 and 1985, that the cost will not exceed \$.20/bbl in 1985.² This means that the Persian Gulf could supply world oil demand for the next decade without any significant rise in the cost of production.

A producing country can make a profit by selling oil at any price in excess of its cost of production and has no incentive to hold oil reserves instead of selling them, unless it is expecting value to increase more rapidly than another asset that might be purchased with the revenue from the sale of oil. The very large amounts of high-priced oil substitutes (such as Canadian tar sands, Venezuelan heavy oil, and American coal and oil shale) mean that the price of crude oil cannot rise very much above \$10-12/bbl and hold for very long during the next two decades. Thus, we can predict that unless there is mass irrationality on the part of all these holders of backup reserves, the price of crude petroleum or syncrude cannot increase very much over the next two decades.

¹ Adelman, M. A., *The World Petroleum Market* (Baltimore: Johns Hopkins Univer-

sity Press for Resources for the Future, Inc., 1972), p. 76.

² *Loc cit.*

Thus, it is foolish for Saudi Arabia, Kuwait, Iran, or any other holder of cheap crude reserves to defer production. Crude reserves are not a growth stock and they are not an income stock. Any rational portfolio manager would move them out of his portfolio and invest in something else. There is no reason to expect all countries to be rational portfolio managers, but it only takes one member of the cartel to act rationally in order to break the cartel price. Saudi Arabia has the productive power and has repeatedly demanded lower prices.

Once prices begin to fall, there is no floor to stop them except the incremental cost of production or some intervention by buyers to stabilize prices. The United States, in the past, has attempted to obtain a commodity stabilization agreement for oil to protect domestic producers. This is clearly injurious to the national interest, and no further such attempts should be made. Rather, we should attempt to obtain the lowest possible prices for oil.

It is not clear whether the OPEC cartel will break this year, next year, or at some future date. The pressures to increase production are enormous, and chiseling and evasion of cartel controls will occur. Excess capacity will worsen over time, as more and more countries find replacements for foreign supplies, or make private deals with producers. More and more barrels of potential output will be in competition to serve an ever-shrinking pool of uncontracted free demand. If we are patient, and if, at the same time, we improve our own production potentialities through R&D on coal and shale, we can benefit from the lower prices which will eventually prevail.

A Policy Proposal

Because we do not know if domestic supply can provide the fuel we need, and because we do not know if imports will be lower in price than they are today, we should develop a policy which would take advantage of cheap imports if they become available but would encourage domestic production if that were the cheaper alternative.

One way to do this is to have the United States government buy oil for future delivery. Any import would carry a penalty tariff which would be used to finance stockpiles. Any domestic production from a new source (such as shale or coal) could carry a bonus. Beginning with a part (say 10 per cent) of 1985 demand, for instance, the United States would request bids for future delivery, and accept the best prices offered from producers. Similar bids would be accepted for the intervening years, so that next year's supply would be fully contracted for. At the same time, the United States should sell oil for future delivery to domestic refiners.

By accepting the lowest bids, the United States would serve as a discriminating monopsonist and would get the best foreign or domestic prices available. Without making a specific decision for autarky or free trade, the United States would achieve a low-price policy. As it contracted for its future supplies, the pressure on sellers would be increased.

In such a context, Project Independence becomes a powerful threat. It represents a policy which we can pursue if necessary, but should not pursue unless we have to. Research and development which reduces the future price of oil benefits us in the future, and increases our bargaining power with the oil exporters.

If we go too far and actually adopt the policy, however, we condemn ourselves to a grim economic future. Once we expand domestic production and make enormous investments in shale and coal production and conversion, we will have created powerful internal economic interests which will oppose further foreign trade in fuel.

The long-term beneficiaries of Project Independence are few. There will be a few hundred thousand construction, oil, coal, and shale workers, some transport workers, and a large number of royalty owners and investors who will benefit from domestic production. Their political influence will be directed toward control of imports and favor of higher prices, just as the influence of coal miners and royalty owners is directed today. Once they are established, they will be difficult to resist.

The losers from Project Independence will be hundreds of millions of Americans who will pay higher prices for fuel than is necessary. Specifically, they will be the automobile workers who are displaced because drivers cannot afford to drive large cars, the truck drivers displaced by expanding railroad transport, and those who work in the energy-intensive export industries which will be priced out of world markets by higher fuel prices.

Security of Supply

The major benefit of Project Independence is freedom from dependence on foreigners for fuel. But will domestic supply be more secure than foreign supply? Even during the embargo, supplies from non-Arab countries continued and increased. At the time the embargo was ended, in March 1974, imports were increasing rapidly, suggesting the non-Arab supplies were being diverted to the United States. Had we possessed even a modest security

stockpile of petroleum, we would have survived the embargo without noticeable problems, save those arising from higher prices.

The United Kingdom suffered more from the coal strike than it did from the embargo. If it had followed the simple economics of trade and had let the coal industry perish a decade ago, it would have been better off than it is today.

We should consider the experience of the United Kingdom and our own experience with coal mining in the past. During World War II, for instance, the UMW struck repeatedly in 1943 while everyone else obeyed no-strike pledges. In March 1974, coal miners struck on the flimsy ground that gasoline was not available: experience suggests that increased dependence on coal supplies controlled by the UMW is risky. Project Independence means more reliance on coal, and this means not only much higher prices but much less secure supply.

Conclusion

The lesson we should learn from the energy crisis is that energy should be cheap and secure. This requires a government policy aimed not at autarky, but at economy and security of supply. Imports may become cheap if American policy attempts to gain cheap supplies rather than support high oil prices as it has in the past. Imports can be made more secure as well by stockpiling. Domestic supplies, especially coal, may not be as secure as imports. Conservation is an important component of any energy policy.

A future ceiling on the world price of oil is imposed by the availability of huge resources of coal, oil shale, heavy oil, and tar sands. Recognition by producing countries that oil will not continue to increase in price should

lead them to increase sales today, which will lead to lower prices. This tendency of the cartel toward breakdown will be assisted by the worldwide burst of exploration which is already bringing in large, new supplies of petroleum. As the demand of importing countries and the amount of uncontracted-for imports decreases, pressures on producing countries to reduce prices will increase.

The United States possesses in its reserves of high-priced fuels and its technological capacity substantial bargaining power to reduce oil prices. It

can bring pressure on these prices by making purchases for future delivery of oil from domestic or foreign suppliers.

If oil prices are reduced below present levels, the economy will benefit. If the United States is forced to depend on expensive domestic supplies, consumers, automobile workers, and truckers will all suffer. Once a substantial domestic energy industry is developed, the possibility of returning to cheap imports will be limited, and export of American-made, energy-intensive goods will be seriously hindered. [The End]

Impact of Energy Crisis on Industrial Relations

By MALCOLM L. DENISE

Ford Motor Company

IT IS EVIDENT THE ORIGINAL TOPIC of this panel—which seemed so timely when it was scheduled—became one whose time had passed when the Arab oil embargo ended.

However that may be, energy, though the most pervasive, clearly is only one of the many shortages that has been plaguing the economy lately. Another is paper, and I will make a small contribution to ameliorating that by keeping this one brief.

But there clearly was an energy problem before the embargo, with a longer term prospect of energy tightness, at the least. That prospect remains with the embargo ended. That problem won't go away very soon—but I'm inclined to think history's verdict will be that the embargo hastened its solution, and thus was a disguised good. It served

to dramatize the problem for the public and for governments—something many knowledgeable people had failed to accomplish in several years of trying. Moreover, with substantial assistance from the overreaching pricing actions of the Organization of Petroleum Exporting Countries, it has and hopefully will continue to stimulate needed actions on the supply side and sensible energy conservation practices on the demand side. One need not have a vested interest in the profitability of oil or coal producers to conclude that energy has been too cheap in this country.

Professor Folk's paper treats this whole subject in such comprehensive fashion that I will say no more about the broad problem.

So what of the impact of the crisis on industrial relations? I'm not sure it lasted long enough to serve as the basis for any very reliable trend pointers, to say nothing of profound conclusions.

To be sure, it had a direct and immediate impact on employment and hours of work in a few industries—notably my own, where employment is down about 13 per cent—airlines, those dependent on vehicular tourism, gasoline distribution and so on. A February poll of its million plus members, IAM reported, showed 29 per cent felt their jobs had been “hurt” by the shortage. But I think the most surprising thing to many observers is not how great an impact the crisis had on employment and the general level of business activity, but how modest. The Department of Labor reported that something under 250,000 people were drawing UC in February because of energy-related cutbacks. And the effects of layoffs and short weeks were substantially ameliorated in some industries, such as auto, by the high level of private supplementation of government unemployment benefits.

There obviously was some impact on collective bargaining.

- The FMCS said that energy issues came up in about one-third of the cases it closed in December and January.
- The Teamsters union reopened its national agreement with the truckers to obtain relief from the effects of higher fuel costs and lower speed limits on its members.
- The FMCS reports one company that pays its drivers mileage rates has agreed to a novel “escalator” clause: it will increase the mileage per diem by one cent for each nine-cent increase in the national average cost of gasoline.
- The United Steel Workers new agreements with the aluminum companies and the steel industry specify that employes laid off because of energy shortages will qualify for SUB—in the case of steel, however, for

a maximum of two weeks. Under the old agreements, I understand that, unlike auto, management arguably could have denied the benefits.

- One company negotiating a new agreement took a 39-day strike to achieve greater flexibility in the assignment of work between classifications. This flexibility was deemed essential because of energy shortages affecting certain classifications.
- In another case a company won additional flexibility in scheduling Saturday and Sunday work if fuel shipments were late, and the company will not have to pay for that work at overtime rates.
- At another company, the energy crisis substantially affected the size and timing of the orders that were being received. In the new agreement, management accordingly insisted it must have the authority to adjust the activities and schedules of its drivers.
- Still another recent agreement has given the company greater flexibility in determining starting times, but it provides for reopening if totally new distribution means are required.

But for the most part, this is pretty parochial and not very gripping stuff. The same can be said about employer efforts to encourage and assist car pools and the like.

The FMCS report that the energy crisis was “talked about” in about a third of its cases closed in December and January doesn’t tell you very much: the surprise was that the number was so low. My impression was that *everybody* was talking about it.

Nor would a survey of the issues on which it was brought to bear as an argument tell you very much. Parties have a tendency to latch onto any

handy phenomenon that comes along to help press for any objectives they are pursuing anyway. (This same phenomenon can be observed in Washington, as witness the Unemployment Compensation provision in the Emergency Energy Bill.)

More seriously, the energy crisis coincided with a lot of other factors that added up to a feeling of uncertainty and insecurity at the bargaining table: various material shortages, the unpredictability of what the economic controllers in Washington would do or how long they would be around, un-

precedented peacetime inflation, concern over a business slowdown, doubts about the ability of government to govern effectively, and substantial numbers of rank and filers who seemed out of touch with reality, to name some.

It would take a vastly more astute analyst than myself to sort all this out, weigh each factor, and measure its impact on the course of bargaining.

But I am convinced that the end of the embargo will not very quickly bring to an end this pervasive mood of uncertainty. **[The End]**

Impact of Energy Crisis on Industrial Relations

By KENNETH McLENNAN

U. S. Department of Labor

DESPITE THE CONSIDERABLE RESILIENCE the U. S. economic system has shown in overcoming a severe fuel shortage, the energy crisis of 1974 will result in some fundamental economic and social changes during the 1970's. The impact of the crisis on collective bargaining may be especially large because of the economic disruptions and inflationary pressures largely attributable to the petroleum shortage. In addition, although unemployment created directly or indirectly by the energy situation is now declining, it is likely that the recent fuel shortage will generate greater concern at the bargaining table over employment security. Unions in energy sensitive industries may take a hard look at the auto industry's experience with supplemental employment

benefits. Finally, the continuing high rate of inflation, in part due to increases in petroleum prices, will undoubtedly generate stiff wage demands and added pressure for cost of living adjustments.

PREDICTING THE IMPACT

The crisis in lack of energy is now over and the economic system is gradually adjusting to the impact. At the outset of the crisis last November there was clearly an overreaction by most participants in the economic system. Some business groups suggested changes in our basic wage and hour laws and felt that the situation was serious enough to temporarily prohibit strikes in some industries. Labor also overreacted by advocating unemployment insurance legislation which would have given some workers extended benefits for as much as two years. Many economists predicted that unemployment would be well over 6 per cent in 1974

while others called for a massive public employment program. While the Nation still faces a long-run adjustment to the new world market for energy, the interruption in oil imports has ended and most of the early fears will not materialize. In retrospect, it is now much easier to assess the impact.

THE IMPACT ON EMPLOYMENT

The most direct form of energy-related unemployment occurs when workers are laid off as a result of employers' inability to obtain sufficient supplies of fuel or petroleum-based products to maintain previous production levels. According to BLS estimates, from November 1973 to February 1974, between 125,000 and 200,000 jobs were lost for this reason. The airline industry and gasoline stations were hardest hit by this type of unemployment. Indirect energy-related unemployment may result from declines in consumer demand caused by actual or anticipated fuel shortages. BLS estimates suggest that about 300,000 jobs were lost for this reason. The industries with the sharpest employment declines include: automobile and recreational vehicle production and distribution, aircraft and parts, ship and boat building, hotels and other lodging places and amusements. (Energy-related mass layoffs by industry are shown in Table 1, and employment changes in energy-related industries are shown in Table 2.)

It should be noted that layoff figures may be greater than unemployment because some workers may be rehired or obtain other employment within one or two weeks. Moreover, not all the layoffs or unemployment which occurred between November 1973 and February 1974 are attributable to the energy shortage. For example, the automobile manufacturing and distribution indus-

tries, hardest hit by the energy shortage, showed a decline in employment of about 110,000 workers from November 1973 to January 1974. However, after two consecutive record sales years a slowdown in auto production was expected. Therefore, the extent of energy-related layoffs is probably less than indicated by the number of total layoffs.

In general, the rise in unemployment since October 1973 is smaller than predicted by many forecasters at the onset of the oil boycott. The seasonally adjusted unemployment rate in October was 4.6 per cent; the rate now appears to have stabilized at just over 5.0 per cent. Total unemployment has increased by about .5 million since October 1973. Although this increase in unemployment is economically and socially undesirable, the overall impact of the energy shortage is considerably less than anticipated. The government fuel allocation program, which stressed the preservation of jobs, was one factor which tended to moderate the employment effect of the oil boycott.

There is a good deal of evidence to suggest that the layoffs due to lack of energy reached a peak during January—February and is now gradually declining. A Federal Mediation and Conciliation Service review of cases showed that by December 1973 about 32 per cent of the cases involved some discussion of energy issues. This level dropped slightly in January and there appears to be much less concern with this general issue in current mediation sessions.

The number of insured unemployed was greatest in February and declined in March. Similarly, the insured unemployment rate (not seasonally adjusted) was 4.2 per cent in February and 4.0 per cent in March. In addition, the proportion of UI claimants indicating that they have been laid

TABLE 1
**Energy-Related Mass Layoffs by Industry and Occupation, Reports
of December Through¹ March 7**

SIC	Industry	Total mass layoffs		Percentage of workers who were		
		Number	Per cent	Production workers assemblers ¹ installers	Machine operators ¹	Machinists and other skilled ¹
15	General Building Contractors	65	0.1	—	—	100.0
16	Heavy Construction Contractors	562	0.5	—	—	—
22	Textile Mill Products	182	0.1	—	81.8	—
23	Apparel & Other Textile Products	987	0.9	—	—	—
24	Wood & Lumber Products	271	0.2	14.8	7.7	7.4
25	Furniture & Fixtures	809	0.7	86.8	12.4	—
26	Paper & Allied Products	2039	1.8	97.4	—	—
28	Chemicals & Allied	578	0.5	—	—	—
29	Petroleum & Coal Products	529	0.5	62.2	18.9	—
30	Rubber & Plastic Products	4256	3.7	92.3	—	—
31	Leather Products	116	0.1	—	—	—
32	Stone, Clay, Glass	553	0.5	—	—	—
33	Primary Metals	5751	5.1	20.4	—	—
34	Fabricated Metals	17219	15.2	71.3	18.8	2.6
35	Machines, Except Electrical	4975	4.4	75.1	10.4	—
36	Electrical Machines	10612	9.4	95.6	—	18.6
371	Motor Vehicles & Equipment	44526	39.3	93.5	3.0	0.1
372	Aircraft & Parts	3333	2.9	31.2	18.4	0.8
37	Except 371 & 372 (Other Transportation Equipment)	5922	5.2	49.7	3.9	1.3
38	Instruments & Related	1400	1.2	100.0	—	—
39	Miscellaneous Manufacturing	213	0.2	100.0	—	—
42	Trucking & Warehousing	914	0.8	—	—	—
45	Air Transport	6546	5.8	35.1	—	16.1
58	Eating & Drinking Places	144	0.1	—	—	—
79	Miscellaneous Tourist Services	910	0.8	—	—	—
TOTALS		113,412	100.0	77.5	5.5	3.2

NOTE: Percentages in Column 2 may not add to 100.0 due to rounding.

¹ Percentages of layoffs for which occupations were quantified.

SOURCE: Manpower Administration, U. S. Department of Labor.

off because of energy problems reached a peak of 9.2 per cent in February and by early April was 8.7 per cent. From a national perspective it is therefore clear that all labor market indicators are now moving in a favorable direction with unemployment due to the fuel shortage now declining.

IMPACT ON CONTENT OF NEGOTIATIONS

Although the overall unemployment increase was not extreme, certain industries (previously identified) suffered large employment cutbacks. Since the threat of a renewed boycott remains, employment security can now be expected to be a major issue in collective bargaining.

There are currently three main types of job security provisions which provide protection against economic downturns. The longshore contracts in the East and Gulf Coast ports in total guarantee some 48,000 workers income for 2,080 hours per year. On the Pacific Coast a long-run income guarantee is provided on a weekly basis with 36 hours for workers on the Class A register and 18 hours for those in the Class B category.

Many other industries have income guarantees, but the length of wage protection is usually much less extensive. Such guarantees were contained in 12 per cent of the 1,300 large (over 1,000 employees) surveyed by the BLS in 1972. Trucking employees made up 52 per cent of the workers covered by these wage guarantees. In this industry the protection clause provides for a minimum number of hours for each day the driver is at work. This protection exists only on the days he actually works. In other industries the protection is somewhat broader.

The concept of Supplementary Unemployment Benefits (SUB) exists in 15 per cent of the 1,300 contracts analyzed. The auto industry covered 42 per cent and the steel industry 20 per cent of workers under SUB provisions. Other industries in which SUB plans were not unusual were tires, aircraft and women's apparel.

The United Steelworkers recently completed negotiations with the steel, aluminum and can industries. One of the Steelworkers' demands was for a broadening of Supplemental Unemployment Benefit coverage to cover layoffs for reasons beyond the control of the firms (e.g., energy shortages). The new Steelworkers' agreements provide for two weeks of SUB benefits and two weeks of "short week" benefits¹ for layoffs due to pollution problems or a fuel or energy shortage. Further, the benefits were increased from \$82.50 to \$100 per week for workers collecting unemployment compensation and from \$110 to \$135 per week if no unemployment compensation is received.²

The interest in SUB shown by the Steelworkers is not surprising in light of the experience of the auto industry. Many of the auto workers laid off recently are receiving SUB payments according to the terms of the UAW contracts with the automakers.³ In February these payments averaged \$80 to \$85 per week. When combined with unemployment compensation this provides \$7.50 less than 95 per cent of straight time take-home pay. Since SUB payments are subject to the normal payroll deductions (unlike unemployment compensation), take-home benefits average 80-85 per cent of

¹ Short week benefits guarantee workers 32 hours of straight-time pay per week.

² There is also a dependency allowance which raises benefits.

³ Workers with less than 1 year of service are not eligible for SUB. Also, some workers may use up their SUB if they are unemployed for more than one year.

TABLE 2

*Employment and Average Weekly Hours, Seasonally Adjusted,
for Selected Industries Possibly Affected by the Energy Crisis*

SIC	Industry	All employees (In thousands)				Average weekly hours		
		Nov. 1973	Jan. 1974p	Change Nov.-Jan.	% change Nov.-Jan.	Nov. 1973	Jan. 1974p	Change Nov.-Jan.
	Total nonagricultural	76,679	76,520	-159	-.2	—	—	—
	Total private	62,841	62,622	-219	-.3	37.1	36.7	-.4
	Direct effect							
15	General Building Contractors	1,082	1,061	-21	-1.9	37.2	35.4	-1.8
16	Heavy Construction Contractors	764	746	-18	-2.4	41.9	38.1	-3.8
17	Special Trade Contractors	1,856	1,828	-28	-1.5	37.7	35.7	-2.0
243	Millwork, Plywood & Related Products	212	213	1	.5	40.4	39.7	-.7
249	Misc. Wood Products	101	104	3	3.0	41.4	41.5	.1
331	Blast Furnaces and Basic Steel Products	630	619	-11	-1.7	43.9	41.3	-2.6
333, 4	Nonferrous Metals	87	89	2	2.3	42.4	42.2	-.2
335	Nonferrous Rolling and Drawing	222	219	-3	-1.4	43.7	42.9	-.8
336	Nonferrous Foundries	97	98	1	1.0	40.7	39.7	-1.0
28	Chemical and Allied Products	1,043	1,044	1	.1	42.0	41.7	-.3
29	Petroleum and Coal Products	190	192	2	1.1	43.0	42.5	-.5
307	Misc. Plastics Products	361	359	-2	-.6	40.1	39.7	-.4
40	Railroad Transportation	580	580	0	0	44.8	45.3	.5
41	Local and Interurban Passenger Transit	272	270	-2	-.7	38.6	38.5	-.1
421, 3	Trucking and Trucking Terminals	1,078	1,077	-1	-.1	42.2	41.7	-.5
45	Transportation by Air	349	368	19	5.4	37.2	37.5	.3
44	Water Transportation	216	218	2	.9	34.4	32.4	-2.0
49	Electric, Gas, and Sanitary Services	741	754	13	1.8	41.6	41.6	0
554	Gasoline Service Stations	619	573	-46	-7.4	37.2	36.9	-.3
65	Real Estate	738	737	-1	-.1	37.3	37.0	-.3
721	Laundries and Dry Cleaning	410	405	-5	-1.2	35.6	35.3	-.3

p = preliminary

TABLE 2—Continued

SIC	Industry	All employees (In thousands)				Average weekly hours		
		Nov. 1973	Jan. 1974p	Change Nov.-Jan.	% change Nov.-Jan.	Nov. 1973	Jan. 1974p	Change Nov.-Jan.
Negative indirect effect								
321	Flat Glass	27	27	0	0	44.5	41.3	-3.2
339	Miscellaneous Primary Metal Products	76	74	- 2	-2.6	43.3	42.9	- .4
346	Metal Stampings	250	242	- 8	-3.2	42.2	39.9	-2.3
351	Engines and Turbines	122	122	0	0	41.6	40.9	- .7
365	Radio and TV Receiving Equipment	152	143	- 9	-5.9	37.5	36.9	- .6
371	Motor Vehicles and Equipment	944	884	- 60	-6.4	42.1	40.6	-1.5
372	Aircraft and Parts	518	509	- 9	-1.7	41.3	40.7	- .6
373	Ship and Boat Building	187	185	- 2	-1.1	40.0	38.3	-1.7
375, 9	Other Transportation Equipment	152	127	- 25	-16.4	37.4	37.6	.2
239	Misc. Fabricated Textile Products	180	176	- 4	-2.2	38.1	36.8	-1.3
301	Tires and Inner Tubes	140	142	2	1.4	45.2	44.3	- .9
501	Motor Vehicles, Wholesale	377	379	2	.5	39.6	39.2	- .4
502	Drugs and Chemicals, Wholesale	238	240	2	.8	38.3	37.9	- .4
551, 2	Motor Vehicle Dealers, Retail	828	796	- 32	-3.9	39.8	39.9	.1
58	Eating and Drinking Places	2,862	2,860	- 2	- .1	29.7	29.4	- .3
70	Hotels and Other Lodging Places	904	879	- 25	-2.8	32.9	32.8	- .1
Indirect positive effect								
11, 12	Coal Mining	164	168	4	2.4	40.3	39.8	- .5
13	Oil and Gas Extraction	267	270	3	1.1	43.6	43.3	- .3
353	Construction and Related Machinery (includes mining and drilling)	324	325	1	.3	40.0	42.0	2.0

p = preliminary.

SOURCE: U. S. Department of Labor, Bureau of Labor Statistics.

regular take-home pay.⁴ For those workers who qualify SUB provides considerable economic security in the event of unemployment. We can expect that many unions will, like the Steelworkers, attempt to obtain similar benefits for their members. Of course, business will resist such demands, especially since it will mean making payments to employees at a time when sales and revenues are being hurt by energy-related production cutbacks. Consequently, bargaining over this issue is expected to be intense.

The SUB approach to job and income security is not a realistic solution for the vast majority of workers or their employers. SUB will probably only be appropriate for large firms, especially those with relatively non-competitive product markets. While labor and management should be encouraged to develop and improve job security for their employees and negotiate provisions which will permit energy savings and perhaps some flexible scheduling of work, it should be recognized that for the vast majority of workers, an improved benefit level for unemployment insurance is necessary for the improvement of their security.

The Impact of Energy-Related Inflation

The energy shortage has exacerbated the inflationary pressures in the economy. The CPI rose 1.3 per cent in February—an annual rate of 16.8 per cent. Higher prices for gasoline and other energy items accounted for about 20 per cent of the increase. The high rate of inflation will have predictable effects on collective bargaining. First, workers will strive for catch-up wage increases. The recent

high rate of inflation has lowered the real wages of many workers. In addition, we can expect increased emphasis on cost of living escalators (COLA's) as a hedge against future inflation. Post-World War II bargaining patterns reveal that the percentage of major collective bargaining agreements containing COLA's tends to rise during periods of continuing inflation.

There will probably be increased pressure at the bargaining table for improved COLA formulas. The UAW agreements last fall introduced a new COLA formula which gives workers larger increases in wages in response to increases in the CPI. The agreements recently negotiated between the Steelworkers and the steel, aluminum and can industries have also adopted this new formula. It is probable that this trend will be continued in agreements negotiated in the near future.

Now that the oil boycott has ended and a return to more normal fuel supplies is anticipated the prices of petroleum products may stabilize. Even so, the new higher prices of petroleum products and petrochemicals will exert an upward pressure on the prices of many commodities for some time to come. Thus, the energy crisis can be expected to effect collective bargaining throughout 1974. The impact beyond 1974 will depend on the stability of petroleum prices later this year.

Inflation has many causes and may persist with or without an energy shortage. The impact on collective bargaining is likely to be the same no matter the cause of the inflation. It is for this reason that we must be careful not to attribute all 1974-75 industrial relations activity to the current energy problems.

⁴ Contributions to health and life insurance plans are also made under SUB.

Long-Run Impact

The implementation plans for "Project Independence" are still in the formative stages and will not be unveiled until the fall of this year. It is, nevertheless, certain that there will be a future impact on the labor market and the labor relations system if there is a program to accelerate the domestic production of oil, coal and nuclear energy. Employment will expand in coal mining and oil and gas extraction, as well as in the processing and distribution of energy (refining, public utilities). The construction industry and some sectors of manufacturing (turbines, engines, etc.) are also likely to expand over the next 10 years. Employment expansion in these industries will, of course, be offset by some loss of employment due to higher fuel prices.

It, therefore, appears that increased domestic production will provide job opportunities as well as causing some employment shifts among industries.

In those industries where demand expands most rapidly, it is likely that workers will increase their relative bargaining power and their relative wages. It is also likely, however, that the achievement of increased domestic production will involve pressure to increase productivity. Consequently, bargaining issues over work force utilization (manning and other work rule issues) may become more visible in negotiations during the decade ahead. These developments will undoubtedly cause some stresses in the industrial relations system, but like our economic system, it is completely capable of adapting to new conditions.

[The End]

Trade Union Involvement in the Fuel Crisis

By DAVID W. SALMON

Western Conference of Teamsters

ECONOMIC CRISES HAVE CONFRONTED mankind since the beginning. Sometimes crises affect small portions of the population, while at other times, broad masses. Sometimes crises create severe hardship and at other times, little more than inconvenience. Highly industrialized societies of today require that government and other institutions assume the burden of underwriting many of these crises because modern industrialized man is ill-equipped to handle them by himself. The more people specialize and are interdependent, the less they

can rely on their own resources to ride out a crisis by themselves.

The American workers, both white and blue-collared, seldom have sufficient savings to carry them over severe crises or even minor ones. Typically, they have committed almost all of their earnings to present or past consumption and depend upon pooled risk programs to see them through. This dependence is not only economic; it is also psychological.

Accordingly, it is a major function of American trade unions to protect their members from the adverse effects of personal and widespread economic crises. They endeavor to pro-

vide this protection through collective bargaining, through other pressures on employers, and, through political action, on government. These pressures are directed in two ways. First is the attempt to establish capital or pool risk programs which anticipate the crisis and cushion the impact. Pension, health and welfare, and S.U.B. plans are examples of negotiated programs. Unemployment compensation, medicare, workmen's compensation, and old age and survivors pensions are examples of governmental social programs that are advocated and nurtured. The second way in which pressure is directed is to secure relief soon after the impact of the crisis in those instances where sufficient cushioning has not already been provided. Emergency relief can take place sometimes through collective bargaining either when the contract is open at the scheduled time or when special reopening is provided in the agreements. Severance pay plans and the creation of new classifications exemplify this. Or it might take place through special lobbying or pressure on government or employers. Programs such as flood relief or medical assistance would exemplify this type of protective effort.

During the recent fuel crisis a variety of these protective programs were put into effect through trade union efforts. The crisis was due to fuel shortages resulting from the Arab boycott, inadequate refining capacity, insufficient domestic reserves, an unenlightened public policy, and a seemingly insatiable demand for gasoline by consumers. This paper will review a few of the trade union efforts, both past and current, which eased the impact of the crisis on workers. (Little consideration will be given here to the long range energy problems of this nation since they involve basic national production, dis-

tribution, and consuming patterns, to which industrial relations must accommodate rather than determine.)

UNEMPLOYMENT

Undoubtedly, the most serious problem was the unemployment that the crisis provoked, most heavily in auto, auto supply, and air transportation. Between October 1973 and March 1974, some 300,000 jobs were eliminated in manufacturing. How many of these jobs were lost to the energy shortage and how many were lost to inflation and impending recession is difficult to determine. Nor is it clear how many jobs would have been lost in the automobile industry which had just experienced a banner year of production and which had run out the demand curve for large-sized automobiles. The United Automobile Workers Union describe their losses as 100,000 indefinitely idled. It should be realized that while these losses were taking place in manufacturing, some 500,000 new jobs were created in the white-collar field, while farm employment increased by 138,000.

Regardless of the specific causes of the unemployment, however, the federal unemployment compensation programs, together with the various S.U.B. programs, gave tremendous relief to the workers involved. In some cases, auto workers were receiving 95 per cent of the straight time weekly pay check. And in some cases this protection extends for a period as long as a year. Neither of these programs, one a government program and the other a product of collective bargaining, would have existed had not trade unions been active. And even though the S.U.B. funds were drained, sufficient funds had been accumulated to weather the crisis. If the next crisis will hold off a while, these funds will be built up again so that the impact can be offset.

In many instances where unemployment threatened and collective bargaining agreements could be opened, unions were able to incorporate severance pay programs into their contracts. In certain instances, these programs were tied to employer incentive to assist laid-off employees find new jobs with other companies. That is, in lieu of heavy severance payments, the employers could see to it that the laid-off employees found other suitable employment.

LOSS OF INCOME

A problem concomitant with unemployment due to fuel shortage was the reduction of earnings in several industries. Overtime work was all but eliminated in the auto industry. Obviously this opportunity loss resulted in reduced take-home pay for many workers. In view of the fact that overtime work is not guaranteed by the contract, the union was in no position to struggle to regain such lost earnings. Moreover, the union labored strenuously in negotiations last summer to prohibit compulsory overtime and indeed gained some concessions in the new agreement. In several industries hours were cut below 40 (when contracts lacked weekly and daily guarantees). Sometimes the unions were able to prevail upon employers to resort to "leaf raking" activities in order to lessen the burden of the crisis on the workers.

An interesting loss-of-wages situation developed fairly early in the fuel crisis when the President decreed a 55-mile-per-hour speed limit on the highways in order to conserve fuel. Over-the-road drivers, under the Teamster Master Freight Agreement, are paid on a mileage basis. That is to say, drivers are paid x cents for every mile driven, depending upon the type of equipment driven (*i.e.*, the number

of axles). Thus, earnings per hour of work are enhanced if the driver stays on the road and operates at high speeds. The imposition of the speed limit had the effect of reducing earnings per hour of work. (In the interest of safety, I.C.C. regulations limit the number of hours per day and week that truck drivers can be on the road.)

Prior to the imposition of the national speed limit, many states permitted trucks to operate at speeds in excess of 65 miles per hour. In the Eastern states, excluding the Carolinas, and in Ohio and California, however, truck speeds were limited to 55-miles-per-hour. In point of fact, these limits were not rigorously enforced, perhaps because automobile speed limits were typically higher. As a result, over-the-road truck drivers, on the freeways, were usually driving at speeds in excess of 55-miles-per-hour—especially on night runs. Until the fuel crisis, the rapid movement of freight and intensive use of equipment were considered to be good private and public economies. But suddenly priorities were changed, while the practices, as measured in the collective bargaining agreement, were frozen.

The framers of the Master Freight Agreement anticipated that such a crisis could occur and had inserted an emergency reopening clause into the Agreement in 1955 which provides that "in the event of war, declaration of emergency, or imposition of economic controls during the life of this Agreement, either party may reopen the same upon sixty (60) days written notice and request renegotiation of matters dealing with wages and hours." Of course, economic action is permitted should the parties fail to agree.

Because over-the-road drivers were complaining of reduced wages because of the newly imposed speed limit,* the emergency reopening clause was invoked on December 18, 1973. Encouraging such action were the dismay and highly visible demonstrations of the independent truck owner-drivers whose earnings were seriously curtailed because of fuel shortages and higher diesel prices. It should be noted that over-the-road drivers who were employed by common carriers normally had little difficulty in getting fuel, which usually was dispensed at company terminals rather than the service truck stops, whereas the owner-operators were obliged to pay for their own fuel when it was available, and at much higher prices.

Following the 60-day period, the trucking employers and the union committee met to negotiate. These negotiations continued until April 3, after the embargo had been lifted and after the independent truck driver-owners had been given relief by the Administration and the Congress. The parties closed the agreement without modification, with the proviso that motor carriers will reimburse drivers who can show a "provable" loss in earnings due to the Congressionally enacted 55-mile-per-hour speed limit. Complaints will be heard on a case by case basis in the grievance procedure. A driver will not be reimbursed for lower earnings if it is shown that those reduced earnings resulted, for instance, from the driver's taking additional time off from work or bidding for lower paying hauls. Presumably lower earnings resulting from reduced speeds will be taken into consideration only in those states where prior state-imposed limits exceeded 55 miles per hour. In brief, the fuel crisis as

it affected highway drivers will be resolved through the grievance procedure, and the funds to make that correction will come from employer earnings—presumably as a result of higher tariffs approved by the I.C.C. It should be noted that the emergency reopening could have unleashed a whole new set of demands on all of the economic provisions in a contract that was concluded in July of 1973 and which covers some one-half million workers.

As suggested above, the ITO (independent owner-truck driver) faced a serious reduction in earnings as a result of the fuel shortage. Many ITO's are members of the Teamster's Union and are protected as *drivers* under the Master Freight Agreement. They are part of the bargaining unit so long as they are employees of a motor carrier which is signatory to the collective bargaining agreement. Under the Master Freight Agreement, wages are paid separately to the driver while charges for use of the truck are paid with separate checks. Regular drivers, who do not own the equipment, are concerned only with their wages. In this situation, the carrier (the company with operating rights) is responsible for owning, maintaining, and fueling their trucks, most of which is done at their terminals. This is not the case for the IBT owner-operator nor for the non-union owner-operator.

The source of their fuel was the truck stop, where the shortage was acutely felt and where, as a result, prices for the available fuel skyrocketed in violation of price regulations. The ITO, operating under a given individual contract or tariff with the shipper or the large carrier, was faced with much larger operating costs, while payments for the services of his equip-

* Claims of 10 per cent to 15 per cent reduction.

ment remained the same. This loss, plus the tremendous loss in time while waiting for fuel caused serious hardships. Seldom could a driver get a full tank of fuel. Obviously, the union was unable to represent their interests as truck owners under the contract and could only appeal to the federal government for fuel supply and price relief. Therefore, the ITO's organized in a variety of loosely knit owner associations—to take action.

The story of their efforts was represented in the news of the day. Many refused to haul, and blockaded other trucks so they could not move. Some violence took place. This action (or inaction) substantially cut the deliveries of goods, particularly meat and produce. In brief, this was a political strike by truck owners through numerous and loosely organized associations. Their strike was successful, and the federal government finally recognized their plight by permitting hauling service charges to be increased through a 6 per cent surcharge. The Energy Agency also agreed to insure a better supply of fuel to truck stops across the country and to prosecute violators of price regulations.

Gasoline service station operators faced a similar problem. They, too, are owner-operators, closely controlled by the oil companies through licenses and individual contracts. Their fuel supplies were also cut, while their retail gasoline prices were fixed. Some losses were offset by shorter hours of service, but unpleasanties resulted from consumer pressures and long lines. Many service station attendants were put out of work, but since they seldom have trade union representa-

tion, their only alternative was to move to other areas of employment. Service station owners in several sections of the country closed their stations for several days, thus also successfully bringing pressure on the government for relief. The Cost of Living Council permitted retail gasoline prices to increase a few cents per gallon.

TRANSPORTATION TO WORK

The fuel crisis not only caused unemployment and reduced earnings in some industries, but it also made it difficult for millions of workers to get to and from work. In many instances this was so difficult that absenteeism and tardiness increased substantially. In general, employers were more liberal in applying work rule penalties for such violations, and many union agents pled in behalf of their members. The most glaring worker reaction to inadequate fuel to get to work was by the miners in West Virginia and Virginia, where some 20,000 miners refused to report for work and shut down some 80 coal mines (which were supposed to be easing the energy crisis). Again, this was a political strike which called for government intervention. The president of the Mine Workers appealed in behalf of the miners. Correction was not easy in this situation because it involved not only the federal government but also the governments of West Virginia and Virginia and their regulations of fueling services. The three-week strike was ended when proper relief in the supplies and regulations was made by federal and state agencies.¹

¹ Evidently insufficient fuel had been allotted to the coal mining areas. West Virginia's Governor Arch Moore's directive that no motorist could receive gas unless his tank was one quarter or less full, made travel almost impossible for many of the

miners, some of whom drive over a hundred miles a day to and from work. Also complicating the problem was the time of day in which the stations were opened, which did not coincide with the three shift operations of the mines.

The experience of the recent fuel crisis revealed a variety of corrective devices used by workers and their unions. Corrective measures were sought from both employers and governments. The most serious hardships were eased by risk pool programs which had already been established and were administered by governments and special union-management trusts. Additional emergency economic assistance was given directly by employers who either had the economic cushion in their own house to provide such relief or else were able to call on government for regulatory action to permit the funds to be accumulated (*i.e.*, price increases).

CUSHIONS PRESENT OWN PROBLEMS

As American workers look more and more to government and to collective bargaining to provide cushion

mechanisms whereby they might more easily weather all sorts of personal and socio-economic crises, so these pooled risk systems become larger, more bureaucratized and less personalized. In this modern day, access to funds for such purposes as pension, medical care, unemployment assistance, technological unemployment and change, energy or raw material shortages, requires the services of personal representatives or intermediaries. For example, workmen's compensation rules are so complex that the average worker is almost incapable of processing his own claim. The same is true of pensions, medical care, supplemental unemployment benefits, and wage controls. The role of the trade union will of necessity grow in the modern age of cushioned crisis, not only in helping to build cushions but also in representing the members' rights to sit on those cushions. **[The End]**

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