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PREFACE

Industrial Relations Research Association Series

Proceedings of the 1972 Annual Spring Meeting

The Utah meeting of the IRRA stressed three topics of crucial current concern in the industrial relations field: wage stablization, manpower policy and occupational safety and health.

Taking advantage of the unusual programs and interest in the manpower field in Utah, one session was devoted to manpower experiments, and the *Honorable Calvin L. Rampton,* Governor of Utah, discussed the role of the Governor's office in the planning and execution of manpower policies.

The session on wage stablization was concerned with a comparison of current incomes policies and those carried out under earlier programs of wage and price controls. A representative of the Pay Board served as a discussant of papers which analyzed current policies in historical perspective.

Because of the interest in the recently enacted Occupational Safety and Health Act, the session devoted to this legislation attracted considerable attention. Papers by the Under Secretary of Labor, a union and a management representative were discussed by a noted scholar in the field of workmen's compensation.

The Association is indebted to President Benjamin Aaron and session chairmen for bringing together a highly informed group of speakers and discussants at the Utah spring meeting. We are grateful to Professor Garth Mangum and to other members of the Salt Lake City committee for their efficient local arrangements; and we wish to express our gratitude to the participants for their presentations and for their preparation of manuscripts for these Proceedings.

Once more our thanks go to the LABOR LAW JOURNAL for the initial publication of the papers and discussions and to Elizabeth Gulesserian for her assistance in an editorial capacity.

GERALD G. SOMERS
Editor, IRRA

SESSION I

Wage Stabilization: Then and Now

The Wage Stabilization Program in Historical Perspective

By MILTON DERBER

The University of Illinois

SINCE 1940, the United States Government has found it expedient to adopt wage-price stabilization programs on five occasions—during World War II (1942-1945), in the postwar reconversion period (1945-1946), during the Korean War (1951-1952), during the Kennedy-Johnson administration (1962-1966), and currently in the Nixon regime (1971-). In this brief paper, I propose to compare the Nixon stabilization program with the first three of the prior programs. I omit the guidepost policy of the sixties because it was largely voluntaristic (apart from a few cases of government arm-twisting), it focused on only a small array of major collective bargaining and public units, and it was adopted under circumstances that contained no serious inflationary tendencies.

In making the comparisons, I shall examine the four programs on a topical basis rather than treating each as an entity: (1).—origins; (2).—organizational or structural characteristics in relation to assigned functions; (3).—major substantive wage control policies; and (4).—political and economic results.[1]

ORIGINS

The Nixon program was adopted by an ideologically reluctant Administration that had refused for a year to utilize the compre-

[1] Because of limitations of space and time, important issues regarding internal administrative machinery and enforcement procedures are not discussed.

hensive powers provided in the Economic Stabilization Act of 1970, except in the special case of the construction industry. A combination of political and economic factors appears to explain the unexpected wage-price freeze of August 15. The political calculation seemed to be based on a concern that the recovery from the anomalous condition of rising prices and a six per cent unemployment rate would not occur rapidly enough to safeguard the Administration's position in the 1972 Presidential and Congressional elections. The economic calculus seemed to be geared to the rapidly deteriorating condition of American foreign trade and mounting pressures on the dollar. Perhaps the most striking feature of this sudden turn to a comprehensive direct incomes policy was that it was unrelated to any of the traditional demand-pull forces of the marketplace. Cost-push inflation was in evidence in some sectors of the economy (for example, in the largely nonunion health services and in centers of union power like metal products, railroads, and construction) but to many economists it appeared to have peaked.

World War II Experience

In contrast to the 1971 circumstances of de-escalation, the forces leading to the World War II[2] and Korean War stabilization programs were part of a mounting involvement in new wars. Both cases reflected classical demand-pull inflation, although in very different degrees and forms. When the European War broke out in September, 1939, the United States was still deeply enmeshed in economic depression. As the defense program expanded, and the unused capital and labor resources were redirected to the needs of the largest war in American history, it was clear that severe price inflation was inevitable without comprehensive economic controls. Thus, the nation moved gradually from no controls to selective price controls to general price controls—wage controls lagged. None were introduced during the defense period nor even under the Price Control Act of January 31, 1942, the directive to Government agencies merely was "to work toward a stabilization of prices, fair and equitable wages, and cost of production." The Executive Order establishing the National War Labor Board on January 12, 1942 made no reference to wage stabilization. The Board, of course, became concerned with wage policy in the settlement of labor disputes and played a major role in the fashioning of wartime wage controls through its case decisions. Nevertheless, when President Roosevelt issued his comprehensive seven-point stabilization program of April 27, 1942, the Board was still confined to controlling wages of firms whose labor disputes came before it. "Voluntary" wage increases by employers or by employer-union agreement were uncontrolled and threatened to undermine the Board's work. The passage of the Stabilization Act of October 2, 1942, at the request of the President, gave the NWLB responsibility for voluntary as well as dispute cases, and the control program became truly comprehensive. The control movement reached its peak with the hold-the-line Executive Order of April 8, 1943.

[2] The chief source is the three-volume *Termination Report of the National War Labor Board* (Washington: Government Printing Office, undated). An important interpretive work is W. Ellison Chalmers, Milton Derber, and William H. McPherson, editors, *Problems and Policies of Dispute Settlement and Wage Stabilization During World War II* (Washington: U. S. Department of Labor, Bulletin No. 1009, 1950).

Korean War Experience

The Korean experience developed somewhat differently because of the limited scope of the war.[3] When the Nation entered the conflict in June of 1950, there was great uncertainty as to the nature of the involvement. The Truman Administration referred to it as a "police action" but many were fearful that a third world war might develop. With World War II fresh in the minds of most adults, scare-buying by both consumers and business combined with rapid stockpiling by the military led to an inflationary trend despite the fact that the country was just coming out of the recession of 1948-49 and the unemployment rate in early 1950 was nearly six per cent. Between June, 1950 and January, 1951, the Consumer Price Index rose about 6.6 per cent and the Wholesale Price Index about 15.0 per cent.

Mindful of the then current public antipathy to economic controls, the Administration was hesitant about adopting them. Despite the passage of the Defense Production Act of September, 1950 with its authorization of comprehensive controls and the appointment of a Wage Stabilization Board within the Economic Stabilization Agency, general controls over prices and wages were not imposed until January 25, 1951. Part of the delay was due to the reluctance of experienced labor relations experts to become involved and to political infighting in regard to the administrative structure. The Chinese military involvement in November, 1950, heightened concern about the war, and made economic control action urgent.

Postwar Reconversion—1946

The economic stabilization program of 1946, in contrast, was an effort to facilitate a smooth economic transition from war to peace after World War II.[4] President Truman had hoped that his postwar, industry-labor conference would reach an agreement on reconversion labor policies, but he was to be disappointed. The country was weary of the wartime controls and the members of the National War Labor Board, particularly union and management representatives, were anxious to return to their respective organizations and to free collective bargaining. On October 16, 1945, the Board announced that its termination would take place on January 1. While recognizing that the arbitration machinery of the Board could not be carried over into peacetime, the Administration was concerned to continue some of the Board's wage-stabilization functions. The unions were pressing for substantial wage increases to maintain the wartime level of earnings that were threatened by a reduction of weekly hours from 48 or more to the peacetime standard of 40; there was a vast, pent-up demand for houses, autos, and domestic goods;

[3] A detailed account of Korean wage stabilization developments is to be found in Bruno Stein, *Labor Participation in Stabilization Agencies: The Korean War as a Case Study*, (New York: New York University Ph.D. thesis, 1959). Other valuable sources are the symposium entitled *"Wage Policies of the WSB"* in *Industrial and Labor Relations Review*, Vol. 17, No. 2, January 1954; and the fourth and fifth annual *Conference on Labor* sponsored by New York University (New York City: Matthew Bender, 1951 and 1952).

[4] An official account is United States Department of Labor, *The National Wage Stabilization Board, January 1, 1946-February 24, 1947* (Washington: U. S. Government Printing Office, undated). Perceptive analyses of contemporary thinking are found in John T. Dunlop, "The Decontrol of Wages and Prices," in Colston E. Warne, editor, *Labor in Postwar America* (Brooklyn: Remsen Press, 1949) and in Joel Seidman, *American Labor from Defense to Reconversion* (Chicago: University of Chicago Press, 1953) Chapter 12.

and economists feared either a repetition of the post-World War I experience of rapid demand-pull inflation followed by severe depression or immediate serious unemployment upon the demobilization of millions of men from the armed forces. The tensions were revealed in the greatest outburst of major strikes in American history, including General Motors, basic steel, and petroleum refining. The new National Wage Stabilization Board had the unenviable responsibility of ruling upon wage increases which "might be used as a basis for increasing prices or rent ceilings or which might result in higher costs to the Government."[5]

STRUCTURE

Phase I—Phase II and NWLB

When the current stabilization program was established, two perennial questions of structure were raised. One was whether controls should be determined and administered by a single agency responsible for both prices and wages or by multiple agencies. The other was whether the administrators of the wage program should be a tripartite body (representing labor, management, and the general public) or a wholly public unit. The answers were different for Phase 1 and Phase 2. The initial 90-day "freeze" program was governed by a Cost of Living Council, comprised of the Secretaries of five Cabinet departments and other top Administration officials. There was logic to such a council, because it was expected by the Administration that the "freeze" would be temporary and firmly adhered to.

The Phase 2 structure was envisaged in very different functional terms. —flexible and pragmatic policy-making, reliance on the administrative cooperation of the major interest groups, and of indefinite duration. Thus, while the Cost of Living Council was retained as general policy coordinator and overseer, the main administrative responsibility was given to a seven, public-member Price Commission and a fifteen member, tripartite Pay Board, with equal representation from organized labor, business, and the public. When four of the five labor members resigned in March, the tripartite structure was preserved symbolically by retaining one business and one union member with the five public members.

The Phase 2 structure was in line with the three preceding wage stabilization programs. The National War Labor Board consisted of twelve members, four each representing organized labor, employers, and the public. As noted above, the NWLB started out as a dispute settlement agency and acquired wage stabilization responsibilities later. It had no role in price determination—that was the responsibility of the Office of Price Administration, headed by a single Director. The coordinating and overall policy-making role was filled by a Director of Economic Stabilization, who was responsible to the President.

1946 WSB and Korean WSB

The Wage Stabilization Board of 1946-47 had essentially the same structure as the War Labor Board although it was smaller (six members equally divided among public, labor, and industry) and had a considerably reduced staff in Washington and in its regional boards and industry commissions. The chief difference was that the WSB had, with a few limited exceptions, no dispute settlement

[5] *The National Wage Stabilization Board,* cited at footnote 4, at p. 7.

function. In this respect it was similar to the current Pay Board.

The Korean Wage Stabilization Board was also tripartite in structure, originally with 9 members, later with eighteen equally divided among labor, management, and the public. Price controls were administered by an Office of Price Stabilization. The Administrator of Economic Stabilization served as top policy-maker and coordinator.

For a considerable period of time, the relation between the Board and the Administrator over policy-making was a source of discord and confusion.[6] The first Administrator regarded the Board as merely an advisory body, even as to specific cases and the selection of key personnel.[7] The unwillingness of Board members to accept such a role contributed to his resignation.[8] His successor was willing to delegate substantial policy-making as well as administrative authority to the Board. Despite these concessions, the Board functioned for less than a month before the labor members walked out on February 15, 1951 in a controversy over General Wage Regulation Six (that was concerned with the idea of a cost-of-living "catch-up" adjustment) and other policies. The Board continued to function without labor representatives until May when it was reconstituted on a tripartite basis.

Board structure was also affected by the issue of whether the Board should have responsibility for the settlement of labor disputes. The initial Executive Order did not provide for a dispute settlement role, but when labor returned to the Board in May, 1951, it was authorized to make recommendations on disputes seriously threatening the defense effort. This function was later narrowed to apply only to wage issues and finally eliminated entirely after a 53-day steel strike that severely damaged the stabilization effort.[9] From the outset, management spokesmen strongly objected to Board intervention in the collective bargaining process which they judged favorable to labor, and the management representatives (as well as the public chairman) withdrew from the Board in November, 1952 after the President reversed the Board in a national coal case.

WAGE POLICIES

Phase II

The announced objective of the Nixon Administration for Phase II was to reduce the rate of inflation to between 2 and 3 per cent by the end of 1972. This entailed limiting pay increases to an average of between 5 and 6 per cent, on the assumption that the workers would continue to share in the nation's long-run productivity gains of about 3 per cent per annum and that prices would rise in the same proportion as labor costs. Exceptions to correct for inequities were intended to be quite limited. Some were mandated by Congress when it extended, with several significant amendments, the Economic Stabilization Act in December of 1971. The Congressional amendments were a response to labor pressures against what labor regarded as restrictive policies adopted by a public-employer

[6] See Bruno Stein, cited at footnote 3, and Morris A. Horowitz, "Administrative Problems of the Wage Stabilization Board," *Industrial and Labor Relations Review*, Vol. 7, No. 3, April 1954, pp. 391-2.

[7] Horowitz, cited at footnote 6, at p. 391.

[8] The desire of the Price Stabilization head for autonomy was an equally important factor in the resignation.

[9] The steel crisis is analyzed in detail by Harold L. Enarson in Irving Bernstein *et al.*, editors, *Emergency Disputes and National Policy* (New York: Harper, 1955) Chapter III.

majority on the Pay Board. Particularly important were the directives to the Board to approve retroactive payments under agreements reached before the August 15 freeze date and deferred increases in such agreements provided that they were not "unreasonably inconsistent" with stabilization standards relating to the prevention of "gross inequities."

Little Steel

The heart of the War Labor Board's policy was the Little Steel formula, adopted in a dispute case on July 16, 1942 prior to the passage of the Stabilization Act of October, 1942. The intent of this formula was to sever the tie between general wage increases and future cost-of-living rises by allowing general increases only up to the point that would cover the 15 per cent rise in the Consumer Price Index between May, 1942 and the base date of January, 1941. The idea of a wage freeze was explicitly rejected. The Board was authorized to approve increases if necessary to "correct maladjustments or inequalities, to eliminate substandards of living, to correct gross inequities, or to aid in the effective prosecution of the war."

For a time the "inequalities" and "inequities" exceptions were given liberal interpretation, particularly after Little Steel adjustments were exhausted, but as rising labor costs continued to press against price ceilings, tensions between the wage and price programs mounted. On April 8, 1943, the Administration issued a very tight, "hold-the-line" order (Executive Order 9328) although strong Board protests, including threats of a labor walkout, resulted in a partial relaxation the following month. Thereafter the Board responded to the inflationary pressure by carefully opening small escape hatches through its inter-plant wage-bracket system, fringe adjustments, and internal wage rationalization.

E. O. 9599, 9651, 9697

The aim of the Administration at the end of World War II was to eliminate controls as rapidly as possible consistent with price stability. Thus, Executive Order 9599 of August 18, 1945 continued comprehensive price controls but, except for construction and, to a lesser degree, basic steel, employers were free to institute wage increases of any size without government approval as long as such increases did not serve as the basis for price increases or increases in charges on government contracts. On October 30, Executive Order 9651 permitted price adjustments to take into account unapproved wage increases after they had been in effect for six months.[10] The standards for approval of wage increases as a basis for immediate price increases differed little, however, from the wartime standards. This policy proved untenable in the face of the great labor disputes in the fall of 1945 and the winter of 1945-46. The wage settlements that were essential to labor (in the order of 17.5 per cent) required price increases in industry's view that were incompatible with the price ceilings. Voluntary wage increases without immediate price adjustments by profitable firms created serious inequity issues for related, less profitable firms and industries.

In an effort to save the stabilization program, Executive Order 9697 was issued on February 14, 1946 with considerably liberalized wage-price standards. The Wage Stabilization Board was directed to approve any wage increase that was consistent with industry or local labor market area in-

[10] See H. M. Douty, Department of Labor Bulletin No. 1009, pp. 146-7.

creases put into effect between August 18, 1945 and February 14, 1946. In the absence of such patterns, the Board was authorized to approve similar increases to eliminate gross inequities, to correct substandards of living, or to correct disparities between wage increases and the increase in living costs between January, 1941 and September, 1945. Since the major disputes involved the centers of union strength and the most profitable industrial firms, the patterns of the settlements were relatively high. The stabilization constraints therefore had little significance and by June, 1946, the program was practically dead, although formal dissolution did not occur until November 9.

Regulations 6, 8, 10—Korean WSB

The Korean War wage stabilization policy was one of steady relaxation from a base that was in itself far more liberal than World War II policy. The wage regulations adopted shortly after the freeze order of January 25, 1951 embodied two main principles—cost-of-living "catch-up," and tandem or interplant inequity adjustments. Regulation 6 paralleled the Little Steel formula by permitting general wage increases up to a level of 10 per cent above January, 1950 (this figure was actually 1.9 percentage points above the rise in the Consumer Price Index between the base date and January, 1951). Regulation 8 permitted wage increases on the basis of cost-of-living escalation clauses in contracts or plans in effect prior to January 25, 1951—a reflection of the importance of the 1948 UAW-General Motors escalator agreement. Regulation 10 permitted increases of wage followers to keep pace with their historical pattern setters. In addition, the WSB adopted an interplant, inequity adjustment policy (based on a weighted average of comparable rates) which was more liberal than the wage bracket system of the War Labor Board (first significant cluster or 10 per cent below the weighted average).

These policies were relaxed significantly in the next six months under labor and management pressures. Regulation 8 was amended on August 23, 1951 to permit the adoption of new escalator plans as well as wage increases corresponding to cost of living increases, thus establishing the opposite of the WLB approach. The interplant, inequity policy was further loosened by the conduct of periodic wage surveys embodying approved wage adjustments. Beyond these changes, on June 6, 1951 the Board authorized UAW-GM, productivity, "annual improvement" adjustments based on collective agreements negotiated before January 25, a policy that was widely extended not only by similar agreements but even more by the application of the tandem and interplant inequity principles. Finally, the Board gave a considerable boost to fringe adjustments that did not exceed "prevailing industry or area practice as to amount or type." Health, welfare, and pension plans were given special consideration and were finally largely excluded from the limitations on wage increases.

RESULTS

Nixon Stabilization

As of this writing (mid-April, 1972), it is not feasible to attempt a conclusive assessment of the Nixon economic stabilization program. Phase I must be accounted an impressive success on both political and economic grounds. It snapped, at least temporarily, what appeared to be a strong inflationary mood throughout the Nation and enjoyed widespread public support—even among groups like school teachers

who were disadvantaged by the timing of the freeze. It checked the rise in living costs.

Phase II was not expected to maintain this pace. Administration spokesmen warned, correctly, that a temporary bulge in wages and prices was to be expected as an outgrowth of the freeze. The CPI returned to the pre-August rate of increase between mid-November and mid-February. Average, straight-time hourly earnings in manufacturing, adjusted for interindustry shifts, rose 2.9 per cent over the three months. The worrisome problem was whether the "temporary bulge" was not extending too far and whether the wage and price controls were either too loose or were being flouted.

World War II Stabilization

The earlier programs can be assessed with more confidence. The stabilization record during World War II is generally regarded as a success.[11] Between January, 1941 and October, 1942, before comprehensive controls were imposed, estimated basic wage rates went up 15 per cent and unadjusted, straight-time hourly earnings in manufacturing rose 26.4 per cent. During the control period, October, 1942-July, 1945, when inflationary pressures were much stronger, the comparable figures were 8 and 15.5 per cent.[12] The Consumer Price Index, adjusted for the disappearance of low-cost items and quality deterioration factors, increased about 20 per cent in the pre-control period and about 13 per cent in the control period.[13]

Postwar Stabilization

The postwar stabilization program, however, proved incapable of maintaining the wartime record. The Wage Stabilization Board was set up too late and with too limited powers (especially with reference to disputes) to have an effective impact on the swarm of major disputes in late 1945 and 1946. As a result, the program never took hold and it ended, for all practical purposes within less than a year, in total disarray. Between August, 1945 and October, 1946, urban manufacturing wage rates rose 18 per cent and straight-time hourly earnings 13 per cent while the adjusted Consumer Price Index went up 14 per cent.[14]

Korean Stabilization

The Korean stabilization record was more comparable to that of World War II, without its aftermath. Both the 6.6 per cent consumer price rise and the 15 per cent wholesale price rise between June, 1950 and January, 1951 prior to stabilization were attributable almost entirely to demand forces. Average hourly earnings in manufacturing, excluding overtime, rose 6.6 per cent. By the spring of 1951, fears of a third world war had largely dissipated and the market psychology was more "normal" reflecting mainly the high levels of output and employment. The unemployment rate fluctuated between 2.5 and 3.0 per cent throughout the last 9 months of 1951 and averaged 2.7 per cent in 1952 and 2.4 in 1953. During the stabilization period between January, 1951 and January, 1953, average hourly earnings for factory workers rose 11.5 per cent, but the Wholesale Price Index for commodities other than farm products and foods actually declined by about 3 per cent and the Consumer Price Index rose only about

[11] For a dissenting view, see Jules Backman, "The Economic Environment of Collective Bargaining," *Fourth Annual Conference on Labor,* New York University (New York City: Matthew Bender, 1951), pp. 193-195.

[12] See *Termination Report of the National War Labor Board,* Vol. 1, p. 549.

[13] Cited at footnote 12, at p. 550.

[14] *Report of The National Wage Stabilization Board,* p. 298.

5.0 per cent despite a much more liberal price policy than in World War II. Clearly, inflation was not a problem during the control period or immediately thereafter, the wage gains being mainly absorbed by higher productivity.

CONCLUSIONS

1).—The reluctance with which each Administration introduced wage-price controls is indicative of the important political dimension of an incomes policy in this country. Without widespread public support, such programs are not likely to be introduced, let alone successfully implemented. This may complicate proper timing from an economics viewpoint. Both the post-World War II and the Korean programs appear to have been delayed too long, the former with disastrous consequences. It may be argued that the World War II program should have been initiated full-blown immediately after Pearl Harbor and that the Nixon program should have started earlier on a more gradual basis.

2).—All four programs adopted the same structural principles, that is, separate wage and price agencies under the coordination of a general stabilization unit; and a tripartite wage board. Persuasive arguments have been made for both of these principles. They both raise problems, however, that may justify different approaches in future control efforts. One is the interrelatedness between wage and price decisions. Separate agencies have a tendency to formulate their policies independently and on grounds that are often incompatible or at least difficult to match. A single wage-price board might integrate policies more effectively than a general economic coordinator reacting to pressures from rival and largely autonomous agencies. The difficulty with tripartism is that important interests are often neglected while some special interests are disproportionately represented.

The role of the wage board in labor disputes is another topic of concern. Except for the War Labor Board, which started as a disputes settlement agency and acquired wage stabilization responsibilities afterwards, the boards have had only an indirect relationship to collective bargaining disputes. The 1946 Wage Stabilization Board was virtually destroyed by the great conflicts of its time; the 1952 steel strike undermined the integrity of the Korean Board; and the longshore dispute was the springboard for labor's withdrawal from the Nixon Board. Because such conflicts often involve package deals, Board action on only the wage and fringe items may distort the total effect of a settlement. There is no simple answer to this dilemma. Whatever policy is adopted will require adjustments in the collective bargaining process.

3).—Two central issues on basic wage policy have emerged from the four stabilization programs. One is the appropriate tie between wages and living costs; the other is the scope for inequity adjustments. The War Labor Board rejected the cost of living tie, the 1946 Wage Stabilization Board ignored it, the Korean Board encouraged it, and the Nixon Board assumed it within specified limits. If, as a result of the total economic stabilization program, the cost of living can be restrained to acceptable limits, then recognition of the connection between wages and living costs serves a psychologically potent role. If, however, the inflationary pressures are not quickly brought under control, the tie merely fuels an inflationary spiral.

Inequity adjustments are the other side of the coin. Human imagination being what it is, the possible range

of such adjustments is almost unlimited. A liberal cost of living policy may necessitate a tight inequity policy. A tight general wage increase standard may require inequity adjustments as a useful escape valve. Obviously, the appropriate balance depends on the inflationary pressures at work at a particular time. The War Labor Board was obliged to tighten a relatively liberal inequity approach in 1943 because the cost pressures were becoming too strong, while the Korean Board found it possible to be increasingly liberal on both cost of living and inequity. The Nixon Board has adopted a rather liberal general increase policy and has tried to play down the inequity issue.

4).—Can wage stabilization be a useful (if partial) tool in the fight against inflation? The answer in the wartime years 1942-45 and, to a lesser degree, in 1951-52 would appear to be in the affirmative; the answer in postwar 1946 was negative but that was at least partly due to miscalculations of the trend and delays in introducing the program. For 1971-72, the answer lies in the months immediately ahead. **[The End]**

Wage Stabilization in the Construction Industry: An Historical Perspective

By D. QUINN MILLS

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THE MILITARY CONSTRUCTION PROGRAM of the United States began in earnest in the spring and summer of 1941. In June, 1941, the Office of Production Management authorized negotiations leading to a labor stabilization agreement for construction. There was issued on July 22, 1941, a "Memorandum of Stabilization Agreement Between Certain Government Agencies Engaged in Defense Construction and the Building and Construction Trades Department of the AFL." The Agreement provided for uniform overtime rates and uniform shift pay on all national defense projects. It also provided a no-strike pledge from the unions and for settlement of grievances and disputes by conciliation and arbitration. In return for these concessions, the government accorded the building trades unions "unprecedented recognition . . . that they represented the workers of the construction industry."[1] By this agreement, a no-strike pledge was established in construction five months prior to that in industry generally.

In the spring of 1942, the government initiated discussions with the building trades regarding a wage stabilization agreement. On May 22, 1942, such an agreement was executed. The Secretary of Labor then issued an order establishing the Wage Adjustment Board to administer wage control in construction. The WAB was formally liquidated on February 14, 1947. During the existence of the National War

[1] John T. Dunlop and Arthur Hill, *The Wage Adjustment Board: Wartime Stabilization in the Building and Construction Industry*, Cambridge: Harvard University Press, 1950, pp. 18-20.

Labor Board and the National Wage Stabilization Board, the WAB administered general stabilization policies in the construction industry. Thus, wage controls came to construction by agreement five months prior to being imposed on industry in general, and were retained by agreement for more than a year following the effective abolition of wage and price controls.

On September 8, 1950, President Truman signed the Defense Production Act of 1950, and on the following day issued an Executive Order establishing the Wage Stabilization Board. On November 28, 1950, the WSB held its first meeting; and on January 25, 1951, a general wage-price freeze was announced. Shortly after the imposition of the freeze, construction industry leaders sought a meeting with the Board regarding wage stabilization in their industry. At its first meeting on May 8, 1951, the reconstituted Board discussed a request for a separate construction board. Finally, on May 31, 1951, General Wage Regulation 12 of the WSB established the Construction Industry Stabilization Commission, including employer, labor and public representation. Because of employer objections, no reference was made in Regulation 12 to a dispute settlement function for the Commission, and during its existence only two dispute cases were formally referred to the Commission by the WSB. In 1953, both the WSB and the Construction Industry Stabilization Commission were abolished by President Eisenhower.

On March 29, 1971, following several months of discussion among government, labor and employer representatives, President Nixon invoked the Economic Stabilization Act of 1970 to establish the Construction Industry Stabilization Committee (by Executive Order 11588). The Committee was given jurisdiction over collective bargaining agreements in the contract construction industry. The Committee was tripartite in composition, including representatives of labor, contractors' associations and the public. All newly negotiated collective bargaining agreements in construction required the approval of the Committee before they could be placed into effect. Four and one-half months later, the President imposed a general wage-price freeze which included construction. In mid-October an Executive Order established a tripartite Pay Board to administer wage controls generally. The Construction Industry Stabilization Committee (CISC) was explicitly continued by the new Order, but the criteria for wage adjustments included in the March 29 Order were removed, in order that the general wage policy adopted by the Pay Board should also apply to construction. On January 29, 1971, the Pay Board and the CISC jointly announced agreement on the authority of the CISC to administer wage stabilization policy in construction and the general criteria which the Committee should apply in 1972. A most important aspect of the agreement extended authority to the CISC to review all deferred increases in existing collective bargaining agreements and to prohibit their being placed into effect if inconsistent with stabilization policies in the industry.

THE ECONOMIC ENVIRONMENT OF CONTROLS

Economic Conditions in Construction Prior to and During Controls

The economic environment of a program of wage controls is a major determinant of the form which the program must take and of the results which can be expected from it. The economic environment of the wage stabilization program as a whole in 1971-72 was very different from pre-

vious periods, and this situation was especially marked in construction.

The context of the first part of the stabilization program in World War II was one of rapidly expanding overall construction demand, very rapid adjustment to a very different composition of demand, and tightening labor markets. In 1943, however, the wartime construction boom was over and demand pressures fell off substantially until the end of the war. However, 1946 was a year of great expansion in construction, particularly in housing. In summary, the period 1940-47 was characterized by rapid fluctuations in the total volume of construction, and equally rapid variations in its composition. A more unsettled period in construction demand is hard to imagine.

The Korean period was far more moderate with regard to fluctuations of demand. Industry volume had been steadily expanding after World War II and continued to do so during the Korean War. The composition of expenditures shifted toward military and industrial work, but to a far lesser degree than in the mid-1940's. Unemployment rates fell during the war, but not as precipitously as during World War II.

Perhaps the most important characteristics of both war time periods as contrasted to 1971 was the experience of years of relative stability prior to the sudden expansion of demand and the imposition of controls. This description is less true of the Korean years than of World War II; but even in the case of Korea, 1949 and 1950 had been years of generally loose labor markets. However, when controls were imposed on construction in 1971, the industry had been through the longest boom in its history (1964-69). Further, and more importantly, the inflationary pressures of 1968-69 had been unconstrained by controls, and collective bargaining had resulted in a badly distorted wage structure. In construction, wage rates are established in separate negotiations with each trade in each geographic area. The uneven pattern of the timing of negotiations (most trades in the late 1960's negotiated on a three-year basis) was such as to allow those trades negotiating in 1969 and 1970 to introduce great distortions into the wage structure. In some areas laborers were receiving, in 1970-71, higher wage rates (including fringes) than certain of the skilled trades. In other areas, wage differentials among the skilled trades no longer bore any resemblance to the traditional structure of rates. There existed, therefore, in 1971 as the bargaining season opened in the spring, a situation of great instability in the wage structure in construction—a circumstance very much unlike that confronting stabilization authorities in previous periods.

The Wage Stabilization Record

During much of World War II and Korea, the wage stabilization program in construction was a holding action against the pressure on wages created by rising construction volume and falling unemployment. The program in World War II was largely successful in restraining the rate of increase in wage rates, though earnings expanded rapidly. "Union wage-rate scales in construction increased less than in manufacturing generally during the defense period prior to the imposition of wage controls and in the subsequent period of direct wage controls when . . . measured in percentage terms."[2] This assessment for the World War II period[3] was based on special studies of wage-rate changes and urban wage

[2] Cited at footnote 1, at p. 120.

[3] Dunlop and Hill further note a comparison of wage differentials among trades and regions as a result of stabilization activities, cited at footnote 1, at p. 123.

rates developed by the BLS during the Second World War, and cannot be replicated for the Korean period. However, indications from average hourly earnings data are that the rate of wage increases in construction was approximately equal to that in manufacturing, and followed the same year-to-year pattern during stabilization.

Judgments as to the results of wage stabilization activities during the current period are necessarily tentative. There is distinct seasonality to the collective bargaining process in construction, with most negotiations taking place between April 1 and September 30, so that it is possible to evaluate the performance of the Stabilization Committee during 1971 (the change of policy which accompanied the freeze on August 15 affected only the final six weeks of this period). During the second and third quarters of 1970, average first-year increases in negotiated settlements in construction covering 1000 or more workers were at the annual rate of 17.1 and 21.3 per cent respectively. The first quarter of 1971, prior to controls, showed an average increase of 15.7 per cent (the highest first quarter increase in recent years). With the advent of the stabilization program in construction on March 29, 1971, second and third quarter increases in construction, on the average, were at the annual rate of 12.0 and 11.4 per cent respectively. As compared to the experience of manufacturing, this retardation in the rate of increase in construction settlements is quite marked. Manufacturing increases continued to accelerate through 1971 until, in the third quarter of the year, the average rate of increase in new manufacturing settlements[4] exceeded that in construction for the first time since the 1960's.

DISPUTE SETTLEMENT

Dispute settlement in wartime was directed at maintaining production as well as effectuating the stabilization program. In the 1970's, dispute settlement was a critical element in maintaining the integrity of the wage control program. During the Second World War, the unions gave a no-strike pledge, and the activities of the Review Board (under the July 22, 1941 agreement) and its successor, the Wage Adjustment Board, included the settlement of disputes. However, because the distinction between a voluntary wage adjustment request and a dispute case was less sharp in construction than in industry generally, there were only a limited number of formally certified dispute cases.[5] In the context of the no-strike pledge, dispute settlement was a less significant factor in the stabilization program than in the 1970's. Conversely, during the Korean period, there was no no-strike pledge, and also there was no official delegation of authority to the Construction Industry Stabilization Commission in dispute cases. Nonetheless, the Commission was inevitably involved in some dispute situations.

During 1971, dispute settlement was a major function of the stabilization machinery. Records of the Federal Mediation and Conciliation Service indicated that, in 1970, more than 500 work stoppages had occurred, involving one of every three negotiations in construction. In many localities strikes by one trade after another occurred, keeping the industry in turmoil throughout the work season. Unable to secure a no-strike pledge for 1971, the government did seek and obtain agreement from the national unions and employer

[4] The third quarter, 1971 manufacturing estimate was largely due to settlements in steel and at Western Electric.

[5] Cited at footnote 1, at p. 110.

associations to establish procedures to assist in the settlement of disputes at the local level. The Executive Order of March 29 therefore provided for "craft disputes boards" to be created in each trade at the national level, bipartite in composition, for the purpose of advising and assisting local parties in the negotiations process. The Committee, working in concert with the craft boards, was able to significantly reduce the incidence of work stoppages. In 1971, one third the number of strikes occurred in construction as in 1970, and the per cent of working time lost due to work stoppages over economic issues was cut by 60 per cent.[6]

WAGE STABILIZATION—CONSTRUCTION v. INDUSTRY GENERALLY

The question of the establishment of industry-specific commissions in a wage stabilization program has always been a contentious one. Whatever the merits of the issue in general, it has proven necessary, in each of the three periods with which we are concerned, to establish a special board for construction. In large part this was to provide criteria for wage adjustments appropriate to the peculiar circumstances of construction but equivalent on balance to those in industry generally. Yet, during World War II and Korea, the existence of the special construction industry boards raised difficult problems of coordination with regional bodies of the general machinery.[7] In the current context, at least to this date, there have been no such problems because the Pay Board has not created regional bodies.

The peculiar arrangements of construction are reflected not only in administrative matters but also in policy application. On January 28, 1972, the Pay Board and the CISC announced a set of "Substantive Policies" to be applied by CISC in 1972. The document stated that "specific policies of the Pay Board with respect to matters such as tandem relationships, deferred increases, merit increases, incentives and the like may not be directly applicable in all instances to construction and will need supplementation . . . CISC policies should be applied so as to conform as closely as the special conditions of the construction industry permit to those of the Pay Board." In addition, the Pay Board-CISC agreement provides that, in construction, "no agreement is automatically entitled to the 'general pay standard'. . . of the Pay Board."[8] Further, procedures for reporting or pre-notification of increases and for the handling of deferred increases (those provided for in agreements negotiated before the stabilization program) are very different in construction than in industry generally. There is, for example, an interesting parallel from World War II in the relationship of the Wage Adjustment Board to the National War Labor Board with respect to the application of NWLB policies by the WAB in construction. General Order No. 13 of the NWLB (adopted October 13, 1943) says as follows:

"Section F.2. Sound and Tested Rates.

The provisions of the May 12 supplement to Executive Order No. 9328 with respect to 'brackets of sound

[6] Unpublished data of the Federal Mediation and Conciliation Service.

[7] See Clark Kerr, "The Distribution of Authority and Its Relation to Policy", in W. E. Chalmers, M. Derber and W. H. McPherson, editors, *Problems and Policies of Dispute Settlement and Wage Stabilization During World War II,* BLS, Bulletin No. 1009, 1950, pp. 291-321.

[8] See text, published in Bureau of National Affairs, *Daily Labor Report,* No. 20 (January 28, 1972), pp. AA1-AA4.

and tested going rates' are inapplicable to the Building Construction Industry."

"Section F.3. Little Steel.

The Little Steel formula . . . shall be applied by the Wage Adjustment Board in the following manner:

(a) No employee or groups of employees is entitled automatically to a Little Steel adjustment.

(b) Generally, employees enjoying relatively high rates of pay should receive a smaller percentage adjustment than those receiving lower rates of pay."[9]

In the current situation, as before, the day-to-day operations of the construction industry machinery is quite different from that of the all-industry board. Because of the multitude of separate bargaining units in the industry, the overlapping of geographic coverage among units of different trades, and the complex interrelationships among trades and areas, the construction boards have operated as expert panels, examining in detail virtually all adjustments submitted to them. There has been far less delegation of authority to staff or subordinate bodies than has, of necessity, characterized the general industry board. In construction, policy has been made on a case-by-case basis on the record of particular situations. During 1971, for example, the CISC, meeting weekly, and its subcommittees composed *only* of members of the Committee (no substitutes), examined in detail more than 1700 new collective bargaining agreements.

CONCLUSIONS

Two general conclusions may be drawn from this brief review of wage stabilization experience in construction. First, there are economic and institutional peculiarities of the industry which require, and have received, special treatment in periods of economic stabilization by direct controls. Inflationary pressures in construction both prior to World War II and in the late 1960's were so acute as to result in the imposition of controls on the industry in advance of those on the economy generally. Further, in the application of stabilization policy, special boards were established for construction in all three periods, and special policies were applied in construction. Problems sometimes arose in the administration of stabilization policy because special treatment was feared by some to be a special license for construction to ignore general stabilization regulations, and because the existence of a construction board created certain problems of coordination with the general machinery of stabilization. Yet there can be little doubt that the special arrangements created for construction constituted an element of strength in stabilization policy generally. Those familiar with construction on all sides (labor, management and the public) have been in agreement that the application to the industry of policies developed for industry generally could only result in chaos.

Second, in both World War II and the current period, wage stabilization programs for construction have had important long-range objectives that have not characterized stabilization efforts in the rest of the economy. During World War II, the administration of the no-strike pledge involved the settlement of jurisdictional disputes as well as disputes over wages and conditions of work. "The experience in industry-wide responsibility represented by the WAB . . . was to provide (personal) associations which were to

[9] Cited at footnote 1, at pp. 146-147.

seek more effective settlement of wage contract disputes and machinery for the problem of jurisdictional work stoppages in the postwar era."[10] The CISC in the current period has viewed a major aspect of its work to be the development of institutional arrangements which will operate to improve collective bargaining in the industry in the future. The most important such arrangements are the craft boards established at the national level in each trade by employers and the unions (as specifically provided by the Executive Order establishing the CISC). The craft boards have been charged by the Secretary of Labor with concern for dispute settlement, local bargaining structure and working rules in the industry.[11] Stabilization authorities cannot, of course, assure the continued existence and effectiveness of the craft boards after the stabilization machinery is abolished, but they may attempt to establish as firm a foundation for the future of the boards as possible. **[The End]**

Wage Stabilization: Then and Now

A Discussion

By DANIEL J. B. MITCHELL

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UNTIL THE CURRENT CONTROL PERIOD, the American experience with incomes policy was largely neglected. Most of the discussion of incomes policy was carried on in terms of international comparisons, largely concerning European countries. Of course, we had our wage-price guideposts in the 1960's, but these were voluntary controls. In drawing on previous historical American experience, Professor Derber's thoughtful paper—to which I will direct most of my discussion—raises a number of points. These are:

a).—The absence of demand-pull inflation during the current period.

b).—The relatively simple organizational structure of the Pay Board.

c).—The role of Congress in the stabilization program.

d).—Tripartitism.

e).—The indicators by which the success of the program is to be measured.

Absence of Demand-Pull

One can easily cite statistics indicating a slackness of the labor market. For example, the unemployment rate has averaged 5.9 per cent during November, 1971-March, 1972. This rate is substantially higher than the rates which prevailed during World War II or during the Korean War. Although vacancy statistics have been

[10] Cited at footnote 1, at p. vii. The National Joint Board for the Settlement of Jurisdictional Disputes was established in 1948 with John T. Dunlop as its first Impartial Chairman.

[11] Speech by Secretary of Labor James Hodgson to the craft boards, Washington, D. C., January 13, 1972.

collected only in recent years, we know that these figures also indicate a slackness of the labor market.

On the other hand, there are some questions about what this slackness means. During the mid-1960's, when econometric wage equations were overpredicting the rate of increase of wages, some attributed the residuals to the impact of the guideposts. Others, however, pointed to marginal "discouraged" workers who are omitted from the official unemployment figures because they are not actively seeking work. Estimates of the unemployment rate including discouraged workers jumped during the periods when wage equations which used the official unemployment rate overpredicted. Therefore, hidden unemployment equations appeared to "explain" the behavior of wages better than ordinary equations.[1] In short, it became fashionable to take account of the most marginal workers in running wage equations.

More recently the fashion has reversed. First, there is the nagging question of how workers who are not seeking work affect wage decisions. One can come up with explanatory hypotheses, but the question still is troublesome.[2] Second, in the recent period, wage equations have tended to *under*predict the rate of increase in wages. At the same time, the officially unemployed included a relative increase in the marginal young and female workers within their ranks. If one gives these marginal workers decreased weight in the unemployment index, the effective unemployment rate turns out to be lower than the official rate, indicating that labor markets are tighter than they seem. Hence, wage equations which discount marginal unemployment produce "better" results.[3]

While the empirically-oriented have been reestimating their equations, theoretically-oriented economists have been chipping away at the theoretical underpinnings of the modified Phillips curve. In theory, if expectations are perfect concerning future inflation, there ought not be a trade-off between wage increases and unemployment. Instead, in the long run, a natural rate of unemployment should emerge.

In short, our knowledge of wage determination is far from complete. Certainly, the absence of the extremely tight labor markets that existed during World War II and Korea make a difference. But from a quantitative viewpoint, it is hard to say how much difference it makes. How much is the Pay Board's task eased by current conditions? The simpler Phillips curve estimates suggest that wages were rising at above-normal rates before the freeze, and hence the job of the Pay Board is to push things back to normal. But if "normal" has changed, that is, if the structural relationships have changed, the task facing the Pay Board may be tougher than labor-market observations suggest.

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[1] For an example of a wage equation employing estimates of discouraged workers, see Wayne Vroman, "Manufacturing Wage Behavior with Special Reference to the Period 1962-1966," *Review of Economics and Statistics,* Vol. 52, May 1970, pp. 160-167.

[2] Unless such workers respond very quickly to changes in labor-market conditions, they are not part of the effective labor supply. Reserve unemployment could affect union bargaining strength since secondary workers provide supplemental incomes to households headed by primary workers. The degree of availability of such supplemental incomes could affect the propensity to strike among primary workers. See my "Union Wage Policies: The Ross-Dunlop Debate Reopened," *Industrial Relations,* Vol. 11 (February 1972), pp. 59-60.

[3] George L. Perry, "Changing Labor Markets and Inflation," *Brookings Papers on Economic Activity,* No. 3, 1970, pp. 411-441.

Organizational Structure

A second point raised by Professor Derber concerns the organizational structure of the Board, compared with previous agencies. By any standards, the Pay Board is small. We have an employment ceiling of 174 employees and no regional offices. Given this smaller base of resources, the question of efficient allocation of manpower becomes especially critical for the current program.

There have been demands for massive decontrols. According to this argument, the small Pay Board staff should concentrate on wage leaders. Presumably, the rest of the economy would follow the leaders, so that additional controls would be redundant.

Appealing as this argument is, it has its flaws. First, as I noted earlier, our knowledge of the labor market is not perfect. In normal times, there may be identifiable leaders in wage determination. But if these leaders were singled out for controls, would the followers continue their passive role? Perhaps followers would seek new leaders, or set their own patterns.

There are also considerations based on the economics of case handling. Up to this time, our manufacturing case approvals have been split roughly 50-50 between concentrated and unconcentrated industries in Categories I and II. Since concentrated industries tend to have bigger employee units, the proportion of workers affected by case decisions is heavily weighted toward concentrated industries. In short, since concentrated industries tend to come to the Pay Board in large employee units, a single analyst can have a larger impact in such cases than with smaller units.[4] On the other hand, there are substantial diminishing marginal returns in piling up analysts on a single case of whatever size. At present, we feel that the current allocation is about right. A few analysts can handle the major cases, and prepare cogent presentations to the Board. The remaining staff works on seeing that the so-called followers in fact heed the rules. Finally, the smaller cases in Category III are processed by the IRS, and the smallest cases, those with less than 60 employees, have now been exempted by the Cost of Living Council.

The Role of Congress

Professor Derber notes the role of Congress in modifying certain aspects of the program in the December, 1971 amendments to the Economic Stabilization Act. Examples are the working-poor exemption, the encouragement given to productivity-incentive plans, and treatment of retroactive increases which were caught by the freeze. Perhaps the most striking illustration of the Congressional influence was the treatment of so-called "qualified" fringe benefits: pension plans, health and welfare programs, etc. Under Section 203(g), the Pay Board is not to veto increases in such benefits unless they are "unreasonably inconsistent" with the goals of the legislation. Since increases in such fringes raise employer costs, just as do increases in cash wages, the Board felt it could not allow fringes to be completely uncontrolled. Instead, it permitted such fringes to rise by .7 per cent of total compensation (apart from a variety of exceptions which grant more liberal treatment to units which have lagged in installing qualified benefits). When the .7 per cent is added to the 5.5 per cent on wages and non-qualified fringes, the overall basis standard

[4] This argument is spelled out more fully in Chairman George H. Boldt's written statement to the U. S. Joint Economic Committee on April 19, 1972.

rises to 6.2 per cent. In effect, in response to the Congressional mandate, the basic target of the Pay Board was adjusted upwards.

I do not know if Congressional action played so important a role during previous stabilization efforts. It is clear that this aspect of the current American program sets it apart from the European experience. Although legislation may be required to implement incomes policies in European countries, the tone of the policy is set by the ruling government. Legislative action in Europe generally consists of voting yes or no to the entire package.

Tripartitism

Tripartitism, another feature of past programs discussed by Professor Derber, is no longer a characteristic of the Pay Board. Its influence should not be minimized, however. The Pay Board was tripartite at the time its basic rules and regulations were established. Those rules and regulations are still with us, even if tripartitism is not. And, of course, the Board still retains one of the former business members and one of the former labor members.[5]

Since the celebrated walkout, it is interesting to note that Mr. Meany has stated that labor will eventually "get used to the (Pay Board)."[6] In recent weeks, most of labor's attention has been devoted to the Price Commission, which never was tripartite. In terms of the day-to-day operations of the Board, the shift from tripartitism had little effect, since much of the routine business is handled by the staff. Board meetings have become more informal, since fewer people are involved and since much of the "negotiations" aspect has disappeared.

Measurement

A final point in Professor Derber's paper, and perhaps the most crucial, concerns measurement of the impact of the program. Since, as noted earlier, wage equations tend to be underpredicting at the present time, we cannot simply take the difference between reality and the prediction and label it the impact of the program. This was the technique used by Perry to examine the Kennedy/Johnson guideposts, but it won't work now.[7] Furthermore, the "lumpiness" of the program—first a total freeze, then a flexible control period—has played statistical havoc with our standard indicators.

For example, the Bureau of Labor Statistics' Index of Hourly Earnings, adjusted for interindustry employment shifts and for overtime in manufacturing, shows a 9.0 per cent increase at an annual rate from November, 1971 to April, 1972. But almost 40 per cent of this increase occurred in the November-December period, when deferred increases, pent up by the freeze, suddenly went into effect. The December to April annual rate is 6.7 per cent, which is slower than the 7.1 per cent rate for the same period a year before. Similarly, the compensation-per-manhour figures have a substantial bulge effect in them along with adjustments for increased Social Security taxes. Adjustments were made to the seasonally adjusted Social Security tax receipt

[5] The Pay Board now resembles the British National Board for Prices and Incomes whose members were all considered public representatives although their background may have been with business or labor.

[6] The statement appears in his testimony before the U. S. Joint Economic Committee on April 20, 1972.

[7] George L. Perry, "Wages and the Guideposts," *American Economic Review*, Vol. 57 (September 1967), pp. 897-904. Comments appear in the June 1969 issue.

data in the first quarter. These adjustments appear to account for .8 to 1.1 percentage points of the 8.6 per cent annual rate of increase in compensation per manhour between the fourth quarter of 1971 and the first quarter of 1972. Pay Board staff estimates suggest that if you smooth out the increases during the period of freeze and shift to flexible controls (August-December, 1971), you account for another 1.5 percentage points. In other words, the underlying trend in compensation per manhour, apart from abnormal factors, is in the lower 6 per cent range.

Much depends on the trend in productivity, of course, since it is productivity and compensation per manhour which determine unit labor costs. The first quarter figures present a puzzle. In the private, nonfarm sector, productivity rose at an annual rate of 3.7 per cent between the fourth quarter and the first quarter of 1972. But apparently negative productivity change in the farm sector dragged the overall increase in the private sector down to 2.2 per cent. Whether the farm sector will continue to exert a negative influence or will rebound is uncertain. However, productivity is widely expected to average above 3 per cent per annum this year. If compensation per manhour can be kept in the lower 6 per cent range, and if the anticipated rate of productivity holds up, unit labor costs will be rising at or below 3 per cent at an annual rate. Of course, the price inflation target of 2-3 per cent will be achieved only if prices can be held in line with unit labor costs.

The Pay Board generates its own internal statistics on approvals. We take the per cent increases approved on new contracts, contracts existing before November 14, 1971 with deferred increases, and pre-existing contracts with retroactive increases (increases held up by the freeze) and weight them by the number of employees involved. For Categories I and II, the *cumulative* approval through April 28, 1972, has been 4.3 per cent affecting 7.6 million workers. For Category I alone, the overall weighted average was also 4.3 per cent, for "new" cases 4.9 per cent, for deferred cases 4.5 per cent, and for retroactive cases 3.4 per cent. We also compute four-week averages to reflect current actions more fully. In the *four weeks* ending April 28, 1972, the average adjustment approved for Categories I and II was 3.3 per cent affecting 3.1 million workers. For Category I alone, the overall average was 3.1 per cent, in new cases 5.0 per cent, in deferred situations 2.9 per cent, and 1.1 per cent in retroactive situations.

The Pay Board staff is often asked how these numbers can be related to outside indexes. Unfortunately, our research in this area is preliminary. First, the averages apply only to Categories I and II employees, so that the majority of the labor force is not in the sample. Second, the averages refer only to those workers whose units requested increases; presumably other workers in Categories I and II got zero increases. Thus, a crude estimate of the impact of the Pay Board in a given four-week period would be to take the percentage increase, multiply it by the number of workers affected, and divide it by the number of employees in Categories I and II. This figure can then be annualized. The big question mark is the number of workers in Categories I and II. To date we have only crude estimates. I hope it is clear, however, that even if an index of compensation of employees in Categories I and II were available, the weighted average increase in a given four-week period could be greater or less than the annualized rate of

change of the index, unless the adjustments described above were made. Of course, there are many other reasons why Pay Board numbers and the official indexes that are available can differ.[8]

CISC and Pay Board

The Construction Industry Stabilization Committee, whose policies were described in the Mills paper, was originally established before the Pay Board was created. At present, however, the Chairman of the Pay Board holds the substantive decision-making functions previously held by the Secretary of Labor.[9] Thus, it would not be appropriate for a Pay Board representative to comment on CISC's program in this forum. However, I can report that a number of meetings have been held between the Pay Board and CISC to discuss policy questions and matters of mutual concern. The Pay Board intends to make every effort to discharge its responsibility and to develop a constructive relationship with CISC in the future.[10]

[The End]

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[8] Measures of wage change based on average hourly earnings or compensation per man-hour compute the rate of change of average earnings between two periods. Thus, the aggregate rate of change is affected by the base level of wages of those workers who receive increases. A given per cent increase has a greater impact among higher-paid workers than among lower-paid. This effect is not present in Pay Board data, where the percentage increase, regardless of base is weighted by the number of employees. The crude adjustment suggested in the text assumes, strictly, that all workers have the same base-level earnings. Researchers who wish to compare Pay Board average increase statistics with Bureau of Labor Statistics figures for major union settlements should keep in mind that published Pay Board numbers are heavily influenced by the non-union sector.

[9] See Executive Order 11627, Section 14(b), and Executive Order 11640 (as amended by Executive Order 11660, Section 15(a)).

[10] The written draft I received of the Mills paper makes one statement which could cause some confusion. The Pay Board looks at all types of benefits and clearly considers work rules and productivity in its decisions. It does grant special treatment to "qualified" fringes under Section 203(g) of the Economic Stabilization Act as amended. This Section of the Act applies to all stabilization entities.

SESSION II

Manpower Policy Experiments in Utah

Three Years of State Manpower Planning

By KENNETH C. OLSEN

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THIS PAPER REVIEWS THE development and operational experience of the Utah Manpower Planning Council, examining what it has done, where it has succeeded, where it appears to have failed, and some of the reasons why those things have happened. Before such issues can be addressed, a more basic question must be examined. Why does the Manpower Planning Council exist?

BASIS FOR EXISTENCE

No one can fully understand the forces that triggered gubernatorial enthusiasm for and permitted legislative approval of the Manpower Planning Council without knowing something about the federal grant-in-aid system which has characterized American Federalism for the past 20 years. At last count (with the generally accepted definition of "program"), more than 1200, separate, narrowly-construed, functionally-oriented, categorical grant programs have been authorized by Congress and funded at operational levels. Each program operates in a tight vertical channel of power and allocation relationships, running from membership and staff of Congressional subcommittees in both Houses to bureaus or line agencies given program-operating authority at the national level to counterpart agencies in units of state and local governments and finally to those benefited by the program, clients and staff. This closely-knit, often self-serving set of relationships has created what have been referred to by some as "vertical functional autocracies."

This method of determining needs and setting up single-purpose programs to meet them has not permitted either horizontal coordination across program lines or policy input from elected generalists

such as governors and mayors. With so many programs operating independently, many attempting to accomplish the same task, the basic fiscal system which we call "federal aid" has become increasingly complex and ineffective. Instead of meeting problems, it has been a source of frustration, causing various initiatives to be undertaken by states and cities to try to establish mechanisms for coordinating policies which meet today's complex social problems.

With the creation of a relatively large number of specific categorical programs in the manpower field, extensive overlap, duplication, and lack of coordination among state and local program administering entities developed. The key words "overlap," "wasteful duplication," and "inefficiency" had far more impact on the governor and the legislature than any appeal based upon the notion that the objectives of manpower programs are especially worthy of major policy-making attention. In this setting, those pressing for reform realized early that the best strategy was to attack the "Feds" and take advantage of the high levels of frustration generated by the entire grant-in-aid system.

Another factor which encouraged the legislature to seriously consider a planning council was the unexpectedly large amount of money involved. Best estimates were that the total funds classified as coming to Utah for manpower or manpower-related activities was $15 million annually. (It now appears that the correct figure is closer to $35 million annually.) In addition, a "nonideological" reason for Utah's action relates to reorganizing state government.

Lesser of Two Evils

Despite a verbal commitment to the concepts of functional organization, line agency chiefs vigorously resist any proposal which alters agency autonomy, consolidates units of administration, or introduces uncertainty into the established way of doing things. One major reason that the Manpower Planning Council exists in Utah is because it was viewed as the "lesser of two evils." Proponents of manpower reform would have preferred the statutory creation of a Utah Human Resources Department, encompassing traditional employment service, vocational education and rehabilitation, basic education, welfare, and antipoverty programs.

When two bills relating to manpower were proposed by Governor Rampton and introduced in 1969, one of which would have created the Human Resources Department, terror gripped even the most hardened bureaucrats. Agency heads, threatened by this proposal, spoke with warm approval of the alternative proposal to create a "cooperative" planning council, which eventually became law.

ACCOMPLISHMENTS

Let us consider what the Utah Manpower Planning Council has accomplished. It has provided the beginning approximation of a comprehensive understanding of what is actually happening in the manpower field within a state. It has taken months of persistent probing to find precisely what types of services are being provided to which individuals, to lay out the specific characteristics of the people being served, to identify and track the amount and sources of funds being spent for the services, and to understand the extent to which program successes or failures are occurring. The Council has forced a functional agency reexamination of objectives, assumptions for doing business, internal planning capabilities, and organizational patterns.

Early in the existence of the Council it became apparent that line agency chiefs were not fully aware of program operations within their agency. It was not uncommon to find serious conflict among manpower programs operated by the same agency. Classic examples of nonmanagement occurred, such as the MDTA staff in the Employment Service not knowing (or caring) what was happening in the WIN program down the hall. Agency chiefs did not appreciate such issues being surfaced but responded by assuming tighter control of operations.

New alliances have been formed between state and local governments—mayors, county executives, and the governor—based upon the natural, though sometimes uneasy, bond between elected officials. Utah's decision to allocate all of the state share of PEP funds to units of local government created substantial trust and helped build working relationships that facilitated the long-ignored but much-needed planning ties between the state and the multi-county planning districts.

Finally, the Council staff has performed evaluations of agency performance which have resulted in resource reallocations.

NON-ACCOMPLISHMENTS

Let us now outline briefly what the Council has not done. It has not rationalized the Manpower Delivery System so that a flexible, responsive, unified, and well-integrated set of services is provided within current organizational framework. No coordinative unit such as a planning council can do so. It should be noted that Utah agency members of the Council have paid lip service to the concept of cooperation while at the same time filing "friendly" law suits challenging the legality of other agencies' existence. We have rediscovered the fundamental truth that bureaucratic institutions have great resiliency and the ability to shrug off outside impact.

The Council is not performing *comprehensive* manpower planning, but has begun to stimulate *program* planning. Program planning refers to the state plan for vocational education, WIN, etc. Agency plans prepared in program areas now vary widely in quality. Most program plans are not plans per se but are administrative puffery about how things should be done and are ignored rather than used to direct action. The Council, in putting pressure on line agencies to develop plans which can guide priority setting and resource allocation, has established criteria by which plans can be assessed.

Let us now turn to assessment of the successes and failures of this venture. When the reasons for success and failure are placed alongside each other, we find they are often the same. This paper will consider three major areas which have had an impact upon both the achievements and the failings of the Council. These areas are gubernatorial involvement, staff skills and positions, and Council composition, function, and powers.

GUBERNATORIAL INVOLVEMENT

Involvement of the chief executive of a state in manpower policy issues tends to attract the attention of federal officials and command the attention of state agencies. His personal involvement signals the importance which the governor attaches to the effort being undertaken, and responsive state agencies attempt to cooperate. However, a strong participatory role also treads upon highly cherished bureaucratic concepts relating to lines of communication and operation and the notion that you don't interfere with the work of the professionals. The governor's participation generates public visibility and

commitment to the Council's objectives and buttresses the position of the Council with the legislature. Conversely, his involvement encourages some legislative and public opposition solely on political grounds. This opposition encourages some agencies (who do not believe their long-term interests are served by being coordinated) to make clandestine end runs to the legislature, urging that they be removed from the jurisdiction of the Council.

Participation by the governor provides a direct linkage of planning to resource allocation and permits the conclusions of program evaluations and judgments about agency cooperation to find expression in the budget. It permits strong intervention into the system to meet special needs. However, such allocation decisions immediately raise counter pressures to "remove manpower from politics." The governor's involvement has permitted the concept of committing state staff to assist local elected officials in making manpower programs more responsive to local needs, thus making some local officials nervous for political reasons. Others are troubled by state participation in local affairs, fearing eventual state dominance.

In summary, strong gubernatorial involvement is a plus. It helps control relatively autonomous agencies and any negative reactions usually can be countered. The underlying issue seems to relate to one's concept of government: whether or not we support the concept of accountability, of letting the state's chief executive make policy decisions and execute the laws faithfully or if we choose to insulate operating agencies from executive control by suggesting that certain functions are too important to be exposed to "political" influence. We are reaping the harvest of many years' devotion to the latter concept.

STAFF SKILLS AND POSITION

As much by accident as by design, Council staff owe their loyalty to the Office of the Governor through the State Planning Coordinators' Office rather than to the Council. This direct tie-in to the governor permits the staff to move with confidence among the line agencies to request or demand information. This arrangement causes some agency resistance, resembling the conflict between the White House staff and the Cabinet. Some agency staff think the "whiz kids" in the executive office don't know enough about their programs to contribute anything worth hearing. More experienced bureaucrats believe that eager-beaver planners will eventually learn the "facts of life" or go elsewhere and are better subjected to "benign neglect." However, linkage to the Planning Office's OMB circular A-95 reviews and the gubernatorial approval of all federal aid applications required by Utah legislation permits the staff to take strong positions. Agency resistance to information sharing is weakened because without information, it is difficult to have grant applications approved.

The staff has sharpened its skills and is now knowledgeable enough to know agency programs fully and make suggestions as to causes of program failures and possible improvements. But many agencies counter such proposals by ignoring the substance of the review and suggesting that staff is substituting their judgment for that of the line professionals. Still, the position of a staff outside the line of service provision brings a new perspective to traditional program approaches.

Finally, the staff's skills and administrative position have permitted it to generate an approach to manpower planning which has caused national

attention to be focused on Utah as a "model." While national experts in the manpower field are regarding the Utah approach as a model, the Utah line agency staff is saying that our program will not work elsewhere because: (1).—Utah is unique in having excess talent in the manpower field, (2).—Utah's problems are simpler than any other state's, or (3).—Utah's program is really not working —thus indicating the difficulty of communicating to others what actually happens in systems of this nature.

COUNCIL COMPOSITION, FUNCTION, AND POWERS

All Utah agencies with manpower service delivery functions are represented on the Council, each has a voice in key policy decisions. This should lead to agency specification of "rational plans" on agency terms. Yet, the Council has tended to vote for policy positions aimed at preserving the status quo. The Council is not structured for democratic processes. There are four representatives from the Department of Education, two from the Department of Employment Security, one representative of state antipoverty efforts, no local elected officials, and two state legislators. Only two client group representatives are on the Council. Membership provides the opportunity to understand more about the actual impact of programs on the total range of objectives of training and employability development and the linkages between programs. Yet, to avoid negotiating on issues, agency heads delegate responsibility (or vacate it) to lesser ranking staff who often do not know the feelings of their chiefs. Some agency heads see frank discussion of program impact as direct attacks on their performance, causing them to be defensive. On occasion, they disavow the work of their subordinates, raising provocative questions about the agency's internal communication processes; for example, program evaluations where agency heads have argued against the conclusions of the evaluation even though the work had been done by interagency staff, including their subordinates, based on the agency's own data.

As a new and unknown force, the Council has been regarded as an institution to be concerned about if not reckoned with; but agency domination of the Council produces sporadic results. The Board of Higher Education has generated a major set of forces within the post-secondary vocational education system which are directly linked to manpower issues. But the Commissioner of Higher Education has never been willing to discuss them. The current Superintendent of the Department of Public Instruction has directed a reversal of the earlier position of the department in terms of cooperation with other state agencies, particularly higher education. The Department of Social Services is still to define its manpower role, which complicates those problems.

One fascinating phenomenon has been a split of Council members on major policy issues. Typically the "public" members of the Council, joined by most of the gubernatorially-appointed agency heads, will vote one way while the independent agency members vote the opposite. Since the public bloc is almost always in support of staff recommendations, the breach between staff and independent agencies widens.

CONCLUSIONS

Where does Utah go from here? What kind of changes should be made in the Utah approach to generate better and more substantive results? While it is impossible to say how the final system should look, we can dis-

cuss some of the criteria by which any revised system should be judged.

First, the linkage between planning and resource allocation must be strengthened in any subsequent manpower planning venture. One important development in Utah's experiment has been the channeling of funds through a single source for manpower purposes. All federal-state contracts, agreements, program designations, etc., run between the Office of the Governor or the Council and the appropriate agency. This approach, which has been met with great misunderstanding and resistance, is the most important control method by which planning and expenditures can be integrated. The general funding rule should be: If there is no acceptable plan (the Council must define "acceptable"), no funds will be allocated. Variances from the rule may be granted, but not without a showing of substantial progress toward a good program plan. Final authority should remain with the governor to reject or approve all federal aid requests, thus providing a positive check against Council decisions which merely preserve the status quo.

Second, an integrated Human Resources Delivery System must be fashioned. This will involve some agency reorganization. An important criterion for this reorganization should include accountability. For example, the Department of Employment Security can no longer continue to be completely unaccountable to anyone. There must also be a careful role delineation among the agencies, for example, the issues between public and higher education must be resolved either by constitutional amendment or by the courts. Programs must be consolidated, for example, there is no reason why vocational rehabilitation should continue within the Department of Public Instruction because it is an employability development program.

Linkages between state and local officials must be strengthened to force effective state agency response to local needs, either by permitting local officials to negotiate and approve state plans (and conversely), or by adding local officials to the Council while pushing functional agencies off. Local officials are frustrated by having state agency staff in their bailiwick but not responsive to their priorities.

Finally, planning and resource allocation must remain separate from service delivery. Planning is too important to be left solely to the program operators; but it is apparent that the planning agency should not attempt to operate programs. Utah's Council attempted to operate a multi-funded Skills Center and nearly scuttled the program.

Whether by design or accident, Utah has developed an exciting Council-staff relationship. The Council, with some membership changes and additional powers, should continue despite any prospective delivery system reorganization. Only in this way can objectives be properly separated from training demands, policy making from supply purchase, and evaluation from justifying next year's appropriation.

Three years of state manpower planning in Utah have shown that a long and difficult task lies ahead. If a real system of planning can be developed here, it may be possible to duplicate it elsewhere. If it cannot be accomplished on this basis, it will not be possible anywhere. **[The End]**

Computerized Job Matching Systems

By WILLIS NORDLUND

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THIS PAPER WILL ADDRESS the development of computer-assisted placement in the United States Training and Employment Service. First, the discussion will focus on the conceptualization and evolution of the system from job matching to the job bank. Second, attention will be given to assessing the direction current developments are taking. Third, cost and activity data for these systems will be examined and criticized. Finally, the development of the Utah Computerized Job-Matching System will be discussed in some detail.

OVERVIEW OF COMPUTER-ASSISTED PLACEMENT

The United States Training and Employment Service began a rather comprehensive reorientation of the basic USTES functions in the mid-1960's. This effort involved the utilization of computers to automate many of this Agency's functions. The automation process began with the development of the California Labor Inventory Communications System in the early 1960's and culminated with an extensive system of Job Banks. California, Utah, Wisconsin, and New York began the development of computerized, job-matching systems on a somewhat autonomous basis. Each state was instructed to develop a matching "concept" that could conceivably be utilized in a national matching network. Enthusiasm for the "concept" rose rapidly in 1967 and 1968 when California, Utah, and Wisconsin developed systems that appeared to be moving in the right direction. What this meant was that the internal functions of the agencies were being channelled *through* the computer. Utah had the most extensive coverage both geographically and occupationally.

Each of these systems has been functioning in a relatively isolated economic setting. Subsequent to 1969, they have been overshadowed by a new concept, that is, computerized Job Banks. This concept was developed in 1968 by the Baltimore Employment Service and was quickly adopted by the USTES as the most promising approach to computerization. These systems now number in excess of one hundred and have spread to virtually all U. S. cities with a population of 250,000 or more.

Several points of comparison should be made. First, the four, existing, job-matching systems attempt to internally match the characteristics of the job and the applicant. Under the basic job bank there is no matching or screening done by the system. Second, there is only an accumulation of job orders without a corresponding applicant bank. Third, the internal disruption of a job bank installation is less prevalent because of its relative simplicity. There is no descriptor system or search strategy, and actual changes in operating procedures are minimal. Fourth, it is primarily an "off-line" operation wherein the basic computer operations are performed without direct involvement of local office personnel.

In any case, an alternative for the matching systems arose and the USTES became very interested in it. Several reasons for this interest should be pointed out. First, mayors and gov-

ernors were under heavy pressure to do "something" to alleviate the problems of coordinating the solicitation of job orders and their subsequent use as well as addressing the rising unemployment problem. Second, USTES and most state administrators became painfully aware that the exportation of the matching systems was going to be a very time-consuming process if, in fact, it could be done at all. Third, the job banks could be installed quickly, they were relatively inexpensive, and they caused a minimum of internal disruption. Fourth, a plan was developed wherein the job bank would be the initial step in the development of a matching system. This plan came out after the major installation scheme for job banks was under way. Called the *Phased Implementation Progression for Computer-Assisted Manpower Operations Network* (PIP), it outlined how the job bank would "evolve" into a full-scale matching system.

Directions of Computer-Assisted Placement

The direction of computer-assisted placement is clearly toward an increasingly complex network of city, area, and statewide job banks. This network will not be functionally interrelated in the sense of having an automated, interstate clearance capacity in the foreseeable future. While conceptually sound, the practical expansion of the systems is fraught with problems. There can be little question but that the organized expansion of job banks can occur. However, there can be serious questions raised about the criteria of evaluation. There are several schools of thought on what the USTES should be doing and, for that matter, whether it should exist at all. Even those that feel there is a role for the USTES, raise questions about its client orientation, method of operation, scope of occupational and geographic coverage, among others. There has not been a meeting of the minds on these questions and until it occurs there can be little hope for an acceptable evaluation.

Even aside from these questions, implicit in the PIP scheme is the need for an effective cost-benefit or cost-effectiveness determination. Again, this assumes that as the *individual* job banks are expanded, the USTES possesses the tools necessary to determine the optimum cost effective point. They do not possess these tools! This is not a reflection on the capabilities of USTES administrators. It is simply a recognition that in virtually all human service agencies there is much to learn about what constitutes real costs and benefits. It can be easily estimated that "x" dollars were spent and that "y" placements occurred. However, this says virtually nothing about the quality of placement, whether it would have occurred if the USTES hadn't intervened, what psychological benefits were gained by the respective clients, and other related aspects.

Some may argue that these problems are academic and that efforts must be made to move on in spite of them. There is no argument that the USTES cannot wait for all the answers before it moves ahead. However, what is most disturbing is that there is virtually no explicit recognition of these problems and therefore administrators blithely issue these plans with the implicit assumption that they are in fact in a position to make a precise determination of the costs and benefits accruing to the systems. Assumptions of this nature are not academic, they influence the allocation and use of vast national resources.

Cost and Activity Data Pertaining to Computer-Assisted Systems

The cost data pertaining to the computer-assisted systems is totally inadequate for a comprehensive evaluation. The cost accounting system used in the USTES does not generate cost data that can be unambiguously attributed to the computerized portion of the operation. It is important to note that a Manpower Administration official indicated that "Implementation and operating cost data is not available in that state agencies are not required to report this information separately from other costs within the two fund sources" (MDTA funds and Grants to State Trust Funds). Therefore, a precise cost-benefit analysis cannot be made.

However, a few general observations seem appropriate—recognizing that the cost-activity data may be questionable and that the time span for the analysis was relatively short. First, the cost activity comparisons *between the matching systems* seems to indicate that there is not a significant difference. In other words, after the initial implementation costs, the cost per transaction for the primary Employment Service indicators, that is, placements, referrals, new applications, among others, is not materially different for each of the matching systems. Second, though there is a wide variation between individual job banks, there does not appear to be large differences between cost-activity indicators in the job banks as compared to those in the matching systems. Again, it must be remembered that the results are based on cost estimates and that considerable additional evaluation is needed.

In light of the evaluation problems encountered in this study, two observations must be made. First, although there is considerable effort being expended in developing an effective cost accounting system (Plan of Service Automatic Reporting System —POSARS is the current acronym), the inability of the Manpower Administration to obtain this data from the participant states prevents a complete evaluation of these systems. Second, in that the PIP relies on the precise determination of a cost effective point for job bank expansion, it is unreasonable to think that a justifiable process can result with current data limitations. A complete revision of the present reporting systems is not advocated. It would be no more effective than was the Touche, Ross, Bailey, and Smart system developed two years ago which became inapplicable shortly after it was implemented. The lack of coordination between program designers, administrators, and cost accounting sections resulted in programs being established and operated that did not conform to the cost accounting framework.

However, obtaining cost data is not the only problem. The activity data being generated by the computer-assisted systems is voluminous and much is of questionable validity. Several small scale validation studies have been attempted by the Manpower Administration, but the results are inconclusive. There are some apparent reporting problems, but the magnitude of the problems is generally felt to be quite small. Nevertheless, in the Denver Job Bank, the Associate Regional Manpower Administrator felt the data was of questionable validity and therefore it was not used in their evaluation. An in-depth study currently underway by George Huber and Joseph Ullman should provide additional insights into the usefulness of the available data.

Without the benefit of a complete validation study, an analysis of sev-

eral data elements has been made. It may be of some interest to make a few general comparisons based on this analysis. The first aspect of Job Bank operations that provides an indication of their effectiveness concerns the speed with which they make placements. It is very clear that the Job Banks currently in operation have not significantly increased the speed with which placements are made. There is a distortion of the placement time sequence in the sense that virtually no placements are made on the day the order is taken. However, after the initial delay, the Job Bank-non-Job Bank placement time patterns converge.

Second, a time-series examination of changes in the national unemployment rate and those of the Job Bank areas indicates no identifiable trends in either direction.

Third, the data is incomplete, but there seems to be an improvement in the wage structure of *initial* placement wages for both the total and disadvantaged groups. The observed improvement may be the result of increased national attention to these groups, wider exposure to available jobs, or some combination of unidentifiable factors.

Fourth, comparing the performance of the Job Banks to that of their parent state seems to indicate that Job Banks perform as well or better than the remainder of the state.

Fifth, an interesting series from the Job Bank Operations Review (JBOR) reports show the industrial composition of placements by race. Though there are no established trends yet, it will be interesting to analyze this data over time and determine what industrial shifting occurs.

Sixth, one of the arguments in favor of computer-assisted placement, and more specifically the matching systems, is that interviewers are able to make a "better" match because of wider selection. If, in fact, a "better" match occurs, this should appear in a reduced referral-rejection rate. Preliminary indications are that there has not been such a reduction.

These observations are all interesting, but unfortunately do not permit a definitive statement on the effectiveness of these systems. It may be worth noting, however, that in the majority of cases, the systems have not made significant inroads. Whether this will change as they become "acclimatized" cannot be determined at this point.

UTAH COMPUTERIZED JOB-MATCHING SYSTEM

There can be little question about Utah's prominence in the total spectrum of manpower activities. The extent of their activities in the development of a totally computerized Employment Service is second to none. The current system has a number of significant shortcomings, but as will become abundantly clear, there is no system in the United States that can claim comparable achievements. The remaining discussion will examine the Utah experiment in terms of historical developments, operational characteristics, developmental problems, operational effectiveness, and its anticipated future role in the computerization effort.

Utah System in Historical Perspective

The Utah Department of Employment Security began the development of a computerized job-matching system in 1967, had one local office operational in 1968, and completed the statewide system in January, 1969. In the last three years, the internal processes have been changed operationally in many ways, but the basic philosophy has remained intact. The descriptor system has been retained

with one rather significant exception. The search strategy has also remained conceptually the same, even though several operational changes have occurred recently. File organization and access have not changed significantly. Each of these factors will appear in the subsequent discussion.

The Utah designers had a number of system requirements in mind as the evolution of the system began. A paramount necessity was to provide service to the client on his first contact. This required a system with a rapid turn-around time. Second, a system was needed that would conform to the national guidelines established for systems of this type. Third, the planners desired a flexible system that could adapt to changing labor market conditions, national priorities, and technological advances. Fourth, they wanted to give the respective clients maximum exposure to workers and work. In addition, they wanted to provide timely labor market information for all potential users.

Utah's Operational Characteristics

Every function of the Utah matching system has manpower implications. However, "matching" is only one part of the total computerized package. It is nonetheless the single most important component because of the ramifications this mechanism has for facilitating labor market adjustments. To gain some perspective of the scope of this system, the following operational characteristics are summarized:

(1).—On-line access to both the applicant and job order files using the DOT code and thirty-three descriptor elements; (2).—Use of "must" and "may" designators to control the search within a DOT category; (3).—The option of a visual or hard copy response or both; (4).—A three-level print option depending on the level of information required; (5).—Automatic notice generation; (6).—The use of worker trait groups to locate workers with desired characteristics; (7).—Control of record status using on-line updating; (8).—Computer-generated "call in cards;" (9).—A complex search that ignores DOT constraints; (10).—An automatic batch search screening *all* open orders against *all* applicants; (11).—The possibility of producing an "inventory of unfilled job openings" on request; (12).—An automatic file purge, and; (13).—The generation of most federal, state, and local reports.

Developmental Problems

The complexity of these operational characteristics resulted in a vast array of developmental problems. The first was the constant change in system operation that prevented it from "settling down" into an established routine, making it difficult to keep track of internal cause and effect relationships. The second general problem was the rigid time constraints that did not permit adequate testing and debugging of programs and procedures. Much of the internal disruption and many of the errors can be attributed to this factor alone.

Some of the more specific problems include: (1).—The massive generation of notices resulting from inappropriate data input and seasonal characteristics of particular occupations; (2).—The time lag of data input; (3).—Hardware downtime caused by inadequate computer capability, and; (4).—Interviewer resistance to the system. There were uncountable programming problems, communications failures, and similar problems relating to computerized systems in general. Most of these problems have been addressed and eliminated. Nevertheless, the system is still experi-

mental. Even after five years of operation there is some mistrust and ignorance of what it can and cannot do. However, it is operational and some aspects of its performance should be examined.

Operational Effectiveness

When the data on the typical Employment Service indicators are examined, it is clear that the Utah Matching System did not have a significant impact in its initial years of operation. It did not result in increased placements, referrals, or new applicants or job orders. It did not influence the magnitude or composition of unemployment. The explanation was always, "It's too early to expect these changes because the system isn't operating near its potential." This was certainly true in the initial stages of development. Also, there were significant "people problems" that resulted in less than optimal local office usage.

The apparent ineffectiveness of the Utah system continued until about mid-1971. From that point to the present, the basic indicators have taken a sharp rise. The accumulated transactions in terms of new applications are 22.2 per cent above last year; job openings are ahead by 40.7 per cent; and nonagricultural placements are ahead by 43.7 per cent. While national data lags by several months, indications are that what Utah is experiencing is *not* a national trend. Certainly it cannot be solely attributed to the matching system. More than likely it is a combination of factors including: (1).—The change in national policy with its emphasis on increased placements; (2).—Increased effectiveness of the matching system, and; (3).—Improved economic conditions in the state. What portion of the increase should be attributed to each factor is conjecture, but the change in national policy is likely to be the single largest contributor.

UTAH'S FUTURE ROLE IN SYSTEM DEVELOPMENT

In any event, something has happened in Utah. Precisely what, has not been yet determined. However, it is not necessary to belabor the point too long because the role of Utah's system in the long run computerization effort is unclear. Each of the matching systems have contributed to the body of knowledge relating to the matching operation and above all have demonstrated its feasibility. However, indications are that federal administrators are leaning toward the adoption of the key word descriptor system, not the DOT system. There are arguments for and against each descriptor system. Nonetheless, at present there is a strong inclination toward word descriptors.

This does not, of course, mean that Utah will play no role in the expansion of computerized placement. On the contrary, even though their choice of a descriptor system has not been strongly endorsed, they are attempting to build worker trait groups into the search strategy. This should place them in a position more conducive to utilizing whatever descriptor system and search strategy federal planners select for the PIP scheme. Also, it is conceivable that Utah may ultimately become the testing ground for new concepts and schemes in computerized placement as the national system advances and problems arise.

SUMMARY

In summary, it can be expected that the pace of expansion of computer-assisted systems will slacken in the next several years. In general, USTES administrators are tiring of the issue and the most noticeable expansion

has already occurred, that is, the physical installation of the Job Banks. Renewed interest should be seen in relation to the matching systems as the expansion of the matching components of the Job Banks occurs. In that the USTES has refused to provide the matching systems with additional funding for experimental programs, the development or refinement of these systems is likely to stagnate. However, the Manpower Administration will certainly not permit these systems to dissolve because of the vast investment they represent and the wealth of expertise each possesses.

There must be a major effort made to develop more defensible evaluation techniques for the assessment of the total effort and equally important, the expansion of each Job Bank under the PIP scheme. The Manpower Administration has come a long way in the last five years, but it has an equally long way to go if the USTES and its constituent state agencies are to remain viable manpower centers. **[The End]**

The Training of Manpower Administrators

By GARTH L. MANGUM, et al.

The University of Utah

RETURNING FROM THE Washington manpower wars and from deep involvement in the problems of the Nation's most disadvantaged minority, one of the strongest convictions shared by some of us, now at the University of Utah, was the need for a formal training program for manpower administrators.

Two factors shaped our interests as we returned to the university world. We had contributed significantly to the notions of decentralization, but deep involvement for the first time at the state and local levels made us painfully aware how few experienced people there were to whom to decentralize. We also became aware of how little planning had gone into manpower programs and how difficult planning really was when it included implementing and taking responsibility for those plans.

The advent of the Utah Manpower Planning Council and the intensified interest in manpower administration among state agency heads offered opportunities for practical administrative experiences but the vital ingredient was financial support of Howard Matthews, Director of the Division of Manpower Development and Training. The environment was most favorable but there were (and are) still hazards to negotiate, the recounting of which may be useful to others interested in such an enterprise.

FORMULATING THE TRAINING PROGRAM

Observation of the manpower administrative process suggested several considerations for program design. Since no one had ever been trained to be a manpower administrator, the program should have in-service as well as pre-service capability.

No one academic discipline could provide all of the needed skills and

most public administration programs have very little content even vaguely related to administrative skills. Therefore a program had to be created to combine interdisciplinary study with practical experience.

Finally, minority groups were overrepresented among manpower program enrollees everywhere, yet staffs were primarily what we in the West call "Anglo." Since the number of minority persons with bachelor's degrees was not overwhelming, it would be necessary to cast a wide geographical net and to make special recruiting efforts. The candidates would be older and have more family responsibilities than the average and very few of the minority students would be from Utah. Financial support would be necessary for most if they were to undertake two years of intensive study and internship.

NATURE OF THE EMERGING PROGRAM

Relying on experience and observation, the essential skills of the manpower administrators which might be provided in a classroom setting seemed to be an understanding of:

1. The history, objectives and nature of manpower policy and programs.
2. The workings of the economy and nature of economic policy.
3. The economics of the labor market.
4. The causes and incidence of poverty.
5. Human relations in organizations.
6. Public personnel administration.
7. Finanical controls and budgeting.
8. The use of statistics.
9. Report and proposal writing.
10. Administrative law.

These became the core of the classroom program with a full year of 45 quarter credit hours required for the master's degree. No new courses were designed for the manpower students, but existing courses in the core areas were adapted to their needs. In addition, they enroll in standard classes with graduate students pursuing other degrees. The candidate is required to complete one year of practical experience.

Those who lack the experience and are not employees of manpower agencies are rotated through two or three month assignments with Utah manpower agencies such as the Utah State Manpower Planning Council, the Employment Service, Vocational Rehabilitation, Vocational Education, and Welfare and Community Action. Because Salt Lake City is only medium-sized without many of the complex problems of larger urban areas, each candidate who has not had such experience is assigned for a similar period to a central city manpower agency in a large metropolitan area. Such assignments have been made in San Francisco, Oakland, Los Angeles, Washington, D. C., and Newark, New Jersey.

The diploma the successful candidate receives reads:

Master of Science
Management
Manpower Administration

and is issued through the Management Department of the College of Business.

Once the pre-service program was on stream, it seemed appropriate to offer similar training to those already committed to manpower administration. The word was spread that the Master's degree in Manpower Administration was available to current employees of manpower agencies wherever in the country a sufficient number would gather together to make it economically

feasible to send professors to them. A packaged program of nine five-hour courses (report and proposal writing being integrated into the other classes) was designed. The format utilizes Friday evenings and the full day Saturday every two or three weeks for approximately 20 months. The program is currently under way in the San Francisco Bay Area, Ogden, Utah, Kansas City, Atlanta and New York City with a total enrollment of 160. San Francisco will be the first to graduate its class, completing in the fall of 1972. Since there are limits to the generosity of the taxpayers of the State of Utah, the program is completely self-supporting with the students usually paying their own tuition but many of them receiving reimbursement upon successful completion of each course.

The third phase of the effort is an on-campus, in-service bachelor's degree program. As we recruited for the master's program, we were constantly confronted with the more serious personal problems of those applicants without any college credentials. Many had obtained jobs because of their race or ethnic origin; all were blocked in their promotion ladders. But since they ranged in education from no high school to near college completion, each must have a program separately tailored to his needs. We have made some progress toward credit by examination. We are pursuing credit for experience. By and large, however, we are assisting each individual to meet standard degree requirements in the briefest time possible, considering his personal status.

THE STUDENTS

On-Campus Master's Degree Program

To date, a total of 59 individuals have enrolled in the resident version of the program. Of this number, 16 are in the first group which will graduate in 1972; 12 will graduate in June, 1972 and four in August; 22 are completing their first year requirements and 21 have been recently admitted.

Of the 12 students who have completed the graduation requirements, three have already accepted employment in other states, each at a beginning salary of $16,000 a year, and a fourth is serving a period of obligated active duty as a U. S. Army Reserve Officer. One student terminated early to accept an appointment as Regional Director of the Women's Bureau for the Department of Labor in Denver. Four other June graduates have accepted full-time positions in manpower programs in Utah and two others are employed part-time. In addition, four Chicano students nearing the end of their first year have been hired by a Mexican-American manpower organization out of state but will complete their classwork by correspondence and receive their degrees upon accumulation of sufficient experience.

Twenty-seven, or just slightly less than 50 per cent of the students presently enrolled are representative of the major ethnic minority groups: three (5 per cent) are blacks; four (7 per cent) are native Americans; four (7 per cent) are Orientals; and, 15 (25 per cent) are Chicanos or Spanish-speaking immigrants. Thirteen (22 per cent) of the students in the program are women. They are also representative of the four principal ethnic minorities.

Full stipends are being provided for six of the students in the program; another 19 are receiving partial assistance, ranging from tuition only, to a monthly stipend supplementing income from veterans' benefits or spouse's earnings. One of those receiving full assistance is being supported by the Utah State Department of Employment Security and three are on Department of Labor fellowships. The average level of assistance, for those in the

program who receive assistance, is tuition and fees plus a monthly stipend of $363; the lowest stipend provided is $100 and the highest is $500.

The 16 graduating students have achieved an overall GPA of 3.5 (4.0 being equivalent to an "A"). In order to gain experience in large central city situations, seven of the second-year students have served out-of-state internships in California cities, three in the Fruitvale (Oakland) Human Resource Development (HRD) Center, two in the East Los Angeles Skills Center, and one each in the San Jose HRD Center and the Berkeley HRD Center. One, whose special interest is Indian affairs, served with the Western Washington Agency of the Bureau of Indian Affairs and another, a Navajo Indian, is serving with the Bureau of Indian Affairs in Washington, D. C. One will serve with the San Francisco Region Manpower Administration, another with the Newark Concentrated Employment Program, and a third with the Division of Manpower Development and Training in the U. S. Office of Education this summer. While most manpower programs have been urban oriented, a study is under way to identify the particular manpower planning and administration skills needed in rural areas.

The Undergraduate Version

As part of the second cycle of the project, it was agreed that the Human Resources Institute would recruit at least ten persons working in manpower programs whose progress and promotion was being impeded by lack of a bachelor's degree. A program was to be worked out for them to pursue that degree on a part-time basis using credit by examination and other devices to shorten the necessary time.

In fulfillment of that commitment, 29 persons were recruited during the first year, two of whom have subsequently become inactive because of job commitments. The students come from a variety of backgrounds and all have reached a career point where they can progress no further in their present jobs without further academic credentials. Out of the 27 enrollees, seven are in staff and managerial positions at the Thiokol Job Corps Center in Clearfield, Utah, ranging from staff training specialist to counselor. The other 20 are working for various manpower training programs in the state. There are ten blacks, ten Chicanos, one Oriental, six women, and six Anglos enrolled in the program; all are married, with an average age of 35. There are nine receiving financial help for tuition and books while five are receiving assistance from their agencies. The average participant has the equivalent of a year of college and most are recognized as leaders in their respective communities.

An interesting characteristic of these students is that while their previous educational records would indicate poor to failing grades with a lack of motivation, they have had real success in their careers. Many of the students have tested out in the 90th percentile in a battery of college level examinations similar to the College Level Examination Placement (CLEP) tests. At this point, we have been able to secure credit for work experience for those students who have done some written work (that is, proposals and grants) in their jobs, though the University has not begun to approach the issue of credit for work experience. Arrangements were made for the students to take the CLEP tests to obtain up to one year college credit. This is not the ideal approach to credit by examination but it is a useful vehicle until a better one can be developed. Most of the students have taken the CLEP tests and received on the average 24 out of 48 possible credits. We have

had two students receive a full 48 credits in the examination. The final grades for Spring Quarter 1972 have not been submitted to the Registrar's Office yet, but the evaluation of the professors indicate almost all students are doing "A" and "B" work. Nineteen of the students are fully matriculated in the University with an average GPA of 2.75 and two of the students will graduate Cum Laude in the June Commencement. We have encouraged the students to fulfill some of the general education requirements through correspondence courses to afford maximum usage of time for more pertinent classes. These students are an exciting, interesting group with a great deal of potential and they should be able to contribute more to the community as a result of the additional training.

Institutional Obstacles

This three-part program was not achieved without internal struggles and it even now faces external opposition. The College of Business had placed almost its entire graduate emphasis on its MBA program and faced with an unjustified national image of parochialism, the administration and faculty had dedicated themselves to raising standards and achieving respectability. No other college or department on campus could have even considered what this one would be asked to do in accepting the manpower program.

Knowing the interminable duration of academic policy debates, a grant was obtained from the Office of Education for stipends and students were recruited. Each institutional obstacle was then approached with, "What shall we do, send the money back and tell the students to go away?" After exploring a number of alternatives, an idle pre-MBA Master's Degree in Management was found to be still in existence.

Upon vice presidential intervention with the Registrar's Office, approval was gained to add "Manpower Administration" to the catalog as an emphasis within the degree and the diploma as a subtitle.

The College of Business faculty had struggled to build an image of academic excellence and some were appalled by the academic records of some of the candidates even though those they were concerned about had 2.75 GPAs in lieu of 3.0. The important factor to remember is that the program was flexible enough to admit students who had the ability but would have been rejected in many graduate schools. "What will happen to our reputation if we accepted people like this?" could only be answered by, "It isn't whom you let in but whom you put out who makes your reputation!" The ATGSB, the standard national business school admissions test, was another major issue. The students resented it, especially those in the off-campus program. After much argument and wearing away on a case-by-case basis, a policy emerged that allowed admission on the basis of past grade point or the ATGSB, whichever was most favorable to the student and not require the latter of anyone who could gain admission on other grounds. A minimum grade point average was necessary to appease the national accrediting society for business schools but a generous program of probationary, nonmatriculated admission was worked out. However, over 50 per cent of the students who applied would have been accepted in almost any graduate school in the country. For the remainder, it was necessary to convince the University to use entrance criteria other than past grade point averages and standard college entrance exam results.

Admissions became an even greater issue for the off-campus program but

the case-by-case argument that holding down a job in manpower administration was prima facie evidence of ability to perform developed into a favorable policy. Anyone can take the classes at their own risk and be admitted to degree candidacy after proving the ability to maintain a "B" average. Presently before the faculty is a proposal which seems assured of approval, which will let anyone enter and take all of the non-campus courses —those who maintain a "B" average or better will receive the degree and those unable to do so will receive a Certificate of Completion.

Fortunately, on-campus students have performed as well as expected and they have generally done markedly better in verbally-oriented subjects and poorly in quantitative ones, with some extra tutoring to close the gap. It has been necessary to work with individual faculty members to orient them to the students and their interests, since most MBA students are more specialized and theirs and the faculty's backgrounds are more homogeneous. Most who have taught classes of predominately manpower students on-campus or in the off-campus program became excited about it. Some professors just haven't the personality for it and have to be avoided. Business school professors have been encouraged and helped to develop a public sector approach to illustrate the principles usually taught with business cases.

Reaction to Program

The program was gaining plaudits throughout the University because the on-campus version had more minority graduate students in it than all of the rest of the graduate study programs in the rest of the University put together and it also had a high proportion of women whereas the University was under pressure to expand in both areas. The strongly MBA-oriented faculty was also gradually coming to accept the less docile, more interesting and more heterogeneous manpower students. Then an accreditation team from the American Society of Collegiate Schools of Business arrived on a routine visit and immediately condemned the program. Whether it was innovative, whether it served minorities, whether it met a need or turned out qualified administrators was irrelevant. No degree could be granted from a college of business that did not cover the "common core of business topics." The students were getting enough management and accounting but the program did not cover marketing, corporate finance, etc. The reaction of the administration and faculty has been heartening. Some have said, "Who needs accreditation?" Most are not prepared to be that cavalier, but all are seeking strategies and are committed to saving the program.

Little has been said here of the undergraduate version. Its problems are many and more complex. Much of the standard undergraduate curriculum has been designed to force exploration upon inexperienced youth; these are adults who already have career commitments and want to enhance their skills for those careers. Most have fought their way up in difficult circumstances, yet never considered college as part of their life style. It is a bastion of the establishment they had never expected to breach because it has been so inflexible in the past. They also have family responsibilities and don't want to spend the rest of their lives pursuing a part-time degree. Some success has been gained in using the CLEP tests to bypass some of the general education requirements. Credit by test and for experience is being pursued but there are many obstacles. The accreditation issue confronts efforts to put together an explicit undergraduate manpower administration

program in the business school. However, experience to date suggests that "chipping away" will eventually produce results.

SUMMARY

All of this recital has only two purposes:

First: To encourage others to make a similar effort. *We want competition,* particularly for the in-service program. It is our experience that the demand is vast. We consider five off-campus programs at a time to be our limit and we want to plow the fields closest to home. Those we have started have been completely at the initiative of the students, usually after having been rebuffed by a local university. We have discouraged groups we could not serve. They want credentials as well as training and are willing to pay for it. The greatest need is at the undergraduate level and that is most difficult to export. Local institutions must supply the service.

Second: To give to those others who do become involved whatever advantage can be gained from our experience.

A final comment: The "feds" are still insufficiently aware of the need for training if manpower programs are to be effectively run. Needed are short-term in-service training and longer term pre-service and in-service credentials-producing programs. It has been our experience that the Division of Manpower Development and Training in the U. S. Office of Education is almost alone in the federal establishment in recognizing and seeking to meet the need. The Office of Research and Development in the Department of Labor has responded to the need to train researchers, however, training administrators is outside its responsibility. Decentralizing without preparing planners and without having administrators to whom to decentralize is a recipe for chaos. The University of Utah program is not the end, but it is the beginning.

[The End]

INSIGHT:
A Management Program of Help for Troubled People

By JAMES E. PETERSEN

Kennecott Copper Corporation

ON JULY 1, 1970, the Utah Copper Division of Kennecott Copper Corporation launched a program of help for troubled employees and their dependents and named it INSIGHT. The concept is simple—it is to provide professional counseling to 8,000 Kennecott employees and their 24,000 dependents who have problems and to assist them in getting the help they need from Salt Lake County's 220 community service organizations. Program utilization is voluntary, confidential, available 7 days a week, 24 hours a day, and obtained by dialing I-N-S-I-G-H-T (467-4448) on the telephone.

Overview

Results have far exceeded expectations. Over a 20-month period, 2,407 persons had solicited help; 1,053 employees and 1,180 dependents had been placed in programs designed to help. The volume has not yet slackened.

The impact of INSIGHT has extended beyond Kennecott. The National Institute on Alcohol Abuse and Alcoholism, in carrying out its mandate under the Hughes Act, has adopted INSIGHT's "troubled people" concept. We are informed civil service will use this approach. It is currently being effected for 120,000 civil service employees in the San Francisco Bay area and for the civil service employees in the State of Hawaii. The federal organization being established to expend $365,000,000 annually for drug addiction rehabilitation is interested in this concept—particularly as it relates to penetration and utilization of rehabilitative community facilities. The city of Phoenix, Arizona, is in the process of establishing an INSIGHT program. Pacific Telephone & Telegraph, San Francisco, has started an INSIGHT program for its 21,000 employees. Hundreds of requests for information from both the private and public sectors have been received and answered.

INSIGHT has attracted a great deal of publicity. It has been reported in the *New York Times, Business Week,* the *Time-Life* series of *Fortune Magazine,* the BNA and various other management services publications.

Experience to date convinces us that the INSIGHT program represents significant breakthroughs in mental health and employee relations. We are further convinced that the return on investment exceeds by many times the cost of the program.

Up to this point, I have tried to give you an overview of the program, its concept, its results and its overall impact. Why and how this program came about will, I believe, be of interest to you.

Scope of Problem

The National Council on Alcoholism estimates that in a heavy-duty, high male population industry that 5 to 10 per cent of the work force is alcoholic. The Utah Copper Division is part of such an industry. The national problem alcoholism poses is demonstrated by the following:

1).—Alcoholism ranks first in the nation as a major health problem.

2).—Nine million Americans are chronic alcoholics.

3).—Because of problem drinking 35,000 were killed and two million injured on our highways in 1969.

4).—The cost to industry approximates $7 billion a year.

5).—Alcoholism is involved in 50 per cent of all arrests.

6).—Alcoholism accounts for 40 per cent of all admissions to state mental hospitals.

7).—Only 3 per cent of the alcoholics are skid row; 97 per cent are family-centered.

8).—50 per cent of alcoholics attended or graduated from college.

9).—45 per cent of alcoholics are professional or managerial people.

10).—75 per cent are men.

11).—In Utah, alcoholism has increased 144 per cent since 1965.

In the Utah Copper Division, using a 37-man alcoholic sample, over a 12-month period, we learned their absenteeism exceeded the average more than 5 to 1; sickness and accident costs were more than 5 to 1; HMS

costs were more than 3 to 1. We also learned that the absence pattern of many alcoholics does not fit the classical chronic absentee pattern, thereby allowing many alcoholics to escape detection under the division's absentee control program.

Creation and Basis of INSIGHT

We then naively set out to steal or copy an effective program from one or more organizations with experience. A comprehensive study of industry programs quickly revealed limited penetration—despite missionary zeal and dedicated effort on the part of program administrators.

We learned that industrial alcoholic rehabilitation programs are strikingly similar. The standard program has the following common primary elements:

1).—A statement of policy that in effect says "drinking becomes the concern of the company only where it adversely affects job performance.

2).—The front-line foreman is the key element. He is the one who initiates the action to talk to the employee about his deteriorating performance and refers him to a company-designated doctor for examination and recommendations.

3).—Utilization of staff personnel (almost always a sober alcoholic) to follow up on rehabilitative efforts.

4).—Threat of job loss for failure to achieve expected progress.

5).—A dual standard, in that most programs are limited to blue collar or lower echelon employees.

Analysis of these five elements made obvious why penetration is severely limited. The target or goal is usually limited to the blue collar chronic alcoholic, a person approaching the end of the alcoholic continuum. Utilization of the front-line foreman for discovery and initiation of action runs counter to human nature and "on-the-job" social and peer cultures. In short, the policy determining the target coupled with the procedure for discovery *guarantees* the progress of the illness to the chronic stage. This makes rehabilitation, recovery of health, reconciliation of marital and familial schisms, and maintenance of job very difficult.

My purpose here is not to downgrade the time, money and effort of other companies or to belittle the successes achieved in the rehabilitation of alcoholics. I do, however, want to point out what I am convinced are severe shortcomings in the standard industrial alcoholic rehabilitation program.

Concluding that alcoholism is almost always a manifestation of other problems, and that employees have many other kinds of problems, we made the decision upon which our program rests. *All the problems of employees and their dependents are cause for concern and reason for help.*

Again the concept is simple. It is to make readily available, through company furnished professional counseling, on a confidential basis, the services of community organizations and other professional people to Kennecott employees and their dependents.

Successful implementation is based on the following prerequisites which, we believe, are structurally interdependent:

1).—The right person in the job.

2).—Voluntary and confidential.

3).—Management, union, and community organization support.

4).—A nonidentifying program name.

5).—Service, 7 days a week, 24 hours a day.

6).—A willingness to meet wherever the employee or dependent will be comfortable.

7).—Every person seeking help must, in fact, be helped.

Over a 20-month period, for employees, the single greatest problem is alcohol abuse (269 cases), followed by familial, legal, marital, financial and drug abuse (74 cases).

For dependents, familial problems rank first, followed by marital, legal, financial, drug (86 cases) and alcohol (68 cases).

Penetration of the employee alcoholic problem alone is vastly superior to any other program of which we are aware.

Conclusion

To date, we have conducted two measurements—one relating to alcoholics and one relating to absenteeism. Twelve of the original 37-man alcoholic sample enrolled in the program for an average 12 and one-half months. Their absences decreased 50 per cent. Their sickness and accident costs decreased from $70.67 to $25.33 per month. Their HMS costs decreased from $109.04 to $59.91 per month. The performance of the balance of the sample, for the same period, worsened in all categories. The second measurement consisted of a sample of 87 chronically absent employees referred to INSIGHT through our absentee control system. 67 improved their attendance. Overall improvement was 44 per cent.

Definitions and methods of measurement have not as yet been developed for either alcoholic or drug abuse rehabilitation, nor for the other problems we deal with. Hopefully, the Department of Health, Education and Welfare, through its appropriate subsidiary institutes, will correct this situation.

We know our program has certain weaknesses, both in organization and administration, nor is our penetration and resolution of the various problem areas as good as we would like. However, we are convinced that our policy of concern and our program of help are correct and of mutual benefit.

The INSIGHT concept has applicability in any area where community organizations exist. We are convinced it can be effectively promulgated by any large organization or a consortium of smaller ones. The cost need not exceed 50 to 75 cents per month per employee. So long as the program embodies the concepts of voluntarism, confidentiality, qualified administrators and is service oriented, it should succeed and pay handsome dividends to all who participate.

Try it—you'll like it. **[The End]**

Manpower Policy Experiments in Utah

A Discussion

By LENICE L. NIELSEN

United Steelworkers of America

MY FIRST RESPONSE WILL BE to the paper presented by Mr. Ken Olsen, which he has entitled "Three Years of State Manpower Planning in Retrospect." I find that I agree with almost all of what he has presented this afternoon.

STATE MANPOWER PLANNING

I believe that Governor Rampton has *rightly* involved himself very strongly in the activities of the Manpower Council and has provided a very competent staff. To them should go much credit for any real successes that can be measured.

OUTREACH

Now . . . since I am a labor representative, I want to discuss a *minor* success story, that is, in terms of money involved, it is minor, but to the people involved, it is a *major* success—the Apprenticeship OUTREACH Program of the Utah Building and Construction Trades Council. This union group began negotiations with the Department of Labor in September, 1967, and their OUTREACH program was funded in July, 1968, and has been every year since then. They have been *successful* in placing minority blacks, Spanish-Americans, Indians and Orientals into the 17 construction trades affiliated with the Utah Building and Construction Trades Council. With a capable and devoted staff of four people, they have been successful in recruiting minorities, tutoring them so that they could pass the tests, helping with securing birth certificates and other necessary documents, arranging medical examinations and so forth.

It is true that not every minority person recruited, stays in the program, but many do, and many of them will be turned out in the next year or so as journeyman craftsmen. In fact, one black—Eddie Williams—participated in a completion ceremony a week ago today. He is now a journeyman electrician. I think he will agree with others who claim that the Salt Lake City OUTREACH program is one of the most successful in the country.

In general, however, three years of manpower planning in Utah as reported by Mr. Olsen can hardly be ranked as a story of success and another two, four, or six years is not likely to improve the performance, unless changes are made.

Mr. Olsen's debriefing of his involvement as the planning director for the Governor in the area of manpower makes a far greater contribution to *future* manpower plans than the entire output of the jungle full of agencies, departments, and other bureaucratic entities presently being utilized and which the Utah Manpower Planning Council attempts to steer towards its assigned goals.

He is *objective* and definitely *nonpolitical* in his analysis, unlike the

frequent optimistic reports from government using statistics unsupported by reality.

He speaks, not as one proud of accomplishment, but as one who views the entire complex arrangements with considerable alarm, while not outrightly condemning the whole approach to manpower planning in Utah.

Perhaps, there is some comfort for Utah that comes from analyses of manpower agency performance in other states. However differently they are structured, the net results still show them no better off and, in most cases, even worse.

Manpower Planning Purpose

It's time to re-examine what needs to be done and perhaps to look for culprits. What is the purpose of manpower planning? What should be the role of government in a field that has largely been left to the private sector to use, abuse or even to manipulate for whatever reasons it has.

Nearly all the monies appropriated either by local, state, or federal governments are intended to ease critical problems faced by people needing jobs and income to survive with dignity in an ever-complex society. The individual, regardless of his personal will, needs help to make adjustments in order to realize a measure of *security* and *status*. Manpower problems are all around us. Unemployment, underemployment, lack of basic education, lack of training or overtraining and over-specialization, lack of communication and liaison between the job opening and the job seeker . . . and add to this, the *need* for *motivation* . . . for mobility . . . the problem of poverty, poor health, alcoholism, drugs, crime, penal systems, etc., and a pretty sick picture stares at us, defying change or correction.

Work, as it is organized today, is a boredom to many who see it only as a means to survive. Monotony, dehumanization, and insensitivity are common. Older workers learn to tolerate, while younger workers *gripe* and *protest* to *no avail*. The misuses of human resources blight the entire workplace. Little is done to change the quality of life by adjusting the work and the technology to the individual. We are at the threshold of an era where we either plan for human survival or we doom man to oblivion.

To correct the situation will require a major shift in our national priorities and a national resolve to commit resources to do the job.

The piecemeal, fragmented approach to solving problems just doesn't work. Man reached the moon because resources and technology were pledged to the task. It will take that kind of commitment to make efficient and dignified use of manpower.

Involvement Needed

Work world realities should be taught in our school system. We learn daily from new hires that they had no idea what it was like to work in an office or a copper mine or smelter; they were never taught about existing labor relations, or the processes involved in handling grievances, collective bargaining, or even about the laws and regulations covering employment. Few are being taught even the basics of finding a job. Most are hired because they know somebody. Those who have had some vocational training find much of it unrelated to what they are presently doing.

Solutions must be found and we must encourage greater development of organized groups, so the people who need to be served, participate in the decisions of manpower agencies.

There is a need for more community involvement and less bureaucratic solo practice. Non-politician, advisory committees made up of representatives of community groups, including the poor, minorities, labor management, education and others should oversee the entire manpower program. Such advisory boards should have assigned to them the necessary staff of experts and should have authority to make policy, have a voice in the allocation of funds, as well as the power to overrule any agency decisions that are inconsistent with the goals and the priorities they help establish. Without such a peer group, all the shortcomings recognized by Mr. Olsen will continue to exist.

Finally, there is room for optimism. But a few years ago, planning in our society was a nasty word. Free enterprise was a virtue that was applied to thwart every attempt to affect needed change. This is a generation of change which questions the old ways of the so-called "establishment," its organizations and institutions. In a way, it is a revolution of values and the common denominator seems to be the improvement of the quality of life. When enough of the people want a better way, means and know-how are sure to follow.

INSIGHT

The second paper, upon which I wish to comment, is that which its author, James E. Petersen, chose to call "INSIGHT," a management program of help for troubled people.

Union Shop Steward

I want to state at the outset that, to the best of my knowledge, each union which has a contract with Kennecott Copper Corporation, is in full accord with the INSIGHT Program. In fact, an educational course, which the Steelworkers Union often uses for Shop Steward classes, teaches that a good steward, in addition to handling grievances, should have, or develop, skills which make him a *Leader,* an *Organizer,* an *Educator,* a *Counselor*— I would like to read the introductory paragraphs under these headings:

A LEADER.—As a leader, the steward sparks the enthusiasm and enlists the cooperation of his fellow workers. He gets things done with a minimum of friction. He discourages factional bickering. He can do much to minimize misunderstanding and can help in the whole communication process for the union, the membership and the company.

AN ORGANIZER.—The steward can do much to point out the ways in which the union is helpful to the workers, and where a union shop does not exist, he can help bring non-members into the union.

AN EDUCATOR.—The steward can do much to explain the contract and the goals, structure and function of the union to the membership. He can also encourage the members to participate in civic affairs and educational programs that help them become better informed citizens.

A COUNSELOR.—The steward, *if familiar* with *community services* and agencies, can do much to help members with personal problems that may be *just* as important as grievances that arise from contract violations.

Well, with that kind of goal for our steward system, it is quite obvious that we should welcome efforts by the company to help solve the problems of getting troubled people, be they employees or dependents, to the proper agencies for help. It is a much more workable solution for all concerned, since a shop steward who becomes acquainted with even 5 or 6

agencies for helping troubled people, is indeed a very devout steward, and one who becomes acquainted with 220 agencies, present in this community, and who possesses the psychological knowledge and background to allow him to make proper referrals is not likely to be on day pay for very long.

Shortcomings

The INSIGHT Program, from my viewpoint, is not 100 per cent perfect —there are some things which can, and do go wrong, because it deals with *all* kinds of people and people do not *always* react the same way.

For instance, one Kennecott employee called me about 3 weeks ago to complain that a company secretary had called him to remind him that he had a drinking problem and wanted to know when he was coming in to "INSIGHT" to start working on it. He went on to tell me that while he seldom turned a drink down, he *didn't* have a drinking problem . . . he had never missed a shift because of drinking . . . he didn't drink on the job, and, in fact, his foreman had complimented him on the way that he handled his job, and what the hell was this company coming to when somebody's secretary calls him and says he is an alcoholic?

Since I don't know the man personally, I told him that there could be a case of communications breakdown. It may have been a call meant for someone else, or that it could be that his foreman, or a friend, really had his welfare in mind, and could see that a problem waiting down the line a few months could perhaps be avoided by corrective action now. If the latter was the case, I told him, perhaps the method used was wrong, but I felt that if it had happened to me, I'd appreciate the thought behind it and take a good look at myself to see if "INSIGHT" could really help me.

Well, this anonymous employee said he was glad he talked to me and hung up.

Later, he evidently got upset again and went to the local union leadership with his complaint, and an investigation was initiated.

It was finally determined that a company industrial relator had seen the man coming to work with an obvious hangover and decided to call the "INSIGHT" Office to see if they might help him.

Mr. Jones, the Psychologist Director, was out, and his secretary made note of the man's name and presumed problem for later submission to Mr. Jones. However, one of the graduate students on the staff saw the paper and, assuming *the man* had made the initial contact, then proceeded to follow through with him. The result —Pandemonium, for a while. However, even this story, which indicates that some degree of tightening up on procedures is needed, may yet have a happy ending. Mr. Jones, when apprised of the situation, contacted the employee and made apologies and a detailed explanation of what had happened. There is a good chance that the employee is going to become involved in the program, because he now sees the handwriting on the wall.

Most troubled people are not brought into the program thru such means. It has been of interest to note the progress reports which I receive regularly.

Eighteen months ago, slightly more than fifty per cent of the employees involved were self-referrals. By March of last year, the per cent of self-referrals had increased to 66 per cent with about half of the caseload being

employees, with the other half spread among members of employees' families.

There are quite a number of success stories to be told about employees who have had drinking problems. There are other kinds of success stories I have knowledge of, such as the twenty-five-year-old employee who went to "INSIGHT" about a year ago. He had gone the drug route; starting out with marijuana, LSD, and gradually moving into the use of amphetamines or "speed." He became so dependent on "speed" to get him through the day that he had to use barbiturates to sleep at night.

After several unsuccessful bouts with withdrawal, a friend assured him he could go to "INSIGHT" and not be turned in to the police or be reported to management. "INSIGHT" got him to a psychiatrist who hospitalized him for detoxification and peer pressure in a residential setting. The *result* has been that his *marriage* has been *salvaged,* his *job* has become *much more secure* and his *future enhanced.*

There have also been cases of marital problems, where divorce was imminent and both employee and wife have turned to "INSIGHT" for help. Through proper help and referral, marriages have been saved and job performance improved, and I could give you actual case histories of this type as well as cases involving sons or daughters of employees who were either incorrigibles or on drugs. I wouldn't give you names; in fact, I know case histories where I don't even know the names. If a man talks to me over the phone and says he is a member of one of our Kennecott locals and wants to discuss a problem, but doesn't want to use his name, I will listen and allow him to remain anonymous.

SUMMARY

I believe "INSIGHT" has tremendous potential. I also believe Kennecott Copper Corporation, or any company adopting the program, may be tempted to take advantage of "INSIGHT's" files to keep a supervisory eye on those with an alcohol or drug problem. Common sense would seem to dictate that they should, but, as soon as that happens, the program will die. No longer could an employee remain anonymous! No longer would those who are most amenable to help voluntarily turn to "INSIGHT."

Further, I believe that the best recruiting program for "INSIGHT" is *not* foreman referrals, not industrial relations referrals, or medical department referrals, *but* the discussions held on the job *among employees*... by a man who knows help can be given, because *he received it*... a man who *knows* men are not going to be turned over to police, because *he wasn't* and the man who knows employees remain anonymous because *he did.* He will talk about himself because he is now better off. This man is the best recruiter there is! I hope it *stays* that way.

Thank you! **[The End]**

SESSION III

The Occupational Safety and Health Act

Introduction

By JOHN F. BURTON, JR.
The University of Chicago

THE OCCUPATIONAL SAFETY AND HEALTH ACT was signed by President Richard M. Nixon on December 29, 1970, and became effective 120 days later. Thereby, the federal government became deeply involved for the first time in the area of safety. However, any state may share jurisdiction over safety if it develops an acceptable safety and health program. By April, 1971, federal planning grants totalling $6.8 million had been made to the states to enable them to develop such programs.

The Act in General

The Act permits the Secretary of Labor to promulgate occupational safety and health standards. Thereafter, the Secretary or his authorized representative may, "without delay," enter the premises of any employer who is covered by the Act, which includes virtually every private sector employer. A citation is then issued for any violation, either of a standard or of the employer's general obligation to provide a place of employment which is "free from recognized hazards that are causing or are likely to cause death or serious physical harm." In addition to the citation, the Secretary may assess penalties, which the employer may appeal to the independent Occupational Safety and Health Review Commission.

In the first nine months of fiscal year 1972, a total of 20,688 establishments were inspected. While 23 per cent of these establishments were found to be in compliance with the safety and health standards, 16,370 citations were issued and $1,444,686 in penalties were proposed. By the end of fiscal 1972, the Review Commission expects to have 45

full-time Judges (known as Hearing Examiners in other federal agencies) to hear appeals on these citations.

The Act, in its 34 sections, contains numerous other provisions relating to occupational safety and health. An entirely new position—the Assistant Secretary of Labor for Occupational Safety and Health—has been created, in addition to a National Institute for Occupational Safety and Health, with research and educational functions, within the Department of Health, Education, and Welfare. Further, the Act directs a Workmen's Compensation Commission to "undertake a comprehensive study and evaluation of state workmen's compensation laws" and requires all covered employers to keep extensive records of all work-related injuries, diseases, and deaths.

Public Concern

Passage of the Occupational Safety and Health Act manifests a substantial interest on the part of the public and Congress in industrial safety for the first time since probably the early decades of this century. What caught the public's fancy at that time was the emergence of a serious industrial injury problem. In 1907, for example, 7,000 workers were killed in two industries alone—railroading and bituminous coal mining. Further, this was also the muckraking era when journalists flourished on such facts. (William Hard's classic, "Making Steel and Killing Men—Unnecessary Accidents in the Steel Mills,"* indicated a variety of ways in which the south Chicago plant of U. S. Steel managed to average almost one fatality a week in 1906.)

One result of the public's concern with the lack of industrial safety was legislation. By 1920, for example, most states had enacted workmen's compensation laws. A justification for workmen's compensation was that by charging an employer for the benefits paid to his injured workers, the employer would be given a strong incentive to improve his safety record.

Injury Frequency Rate

The accident record for the decades following World War I suggested that the industrial safety problem was being resolved. In particular, the number of work-related deaths had dropped to 19,000 by 1930, and the decline has continued more or less unabated up to the present time. The National Safety Council now estimates that about 14,200 workers are killed annually in industrial accidents. Unfortunately, their data are of uncertain accuracy, as the estimates for recent years are based in part on extrapolations from 1964 estimates by the Bureau of Labor Statistics on the proportion of disabling work injuries which involve deaths.

While the record for deaths seems fairly favorable, the record for injuries is not so encouraging. Although the number of permanent disabilities declined from 102,600 in 1942 to about 76,700 by 1958, it has since increased so that now nearly 90,000 workers a year are permanently disabled. The same pattern emerges for temporary total disabilities. In 1942, about 2.1 million workers per year were disabled enough to lose some work time; by 1958, the number had been reduced to about 1.7 million annually. However, the number has again increased to the current rate of 2.1 million temporary total disabilities each year.

Of course, the labor force has expanded over the decades and one might therefore expect the number

* Reprinted in Arthur and Lila Weinberg, *The Muckrakers,* (New York: Simon and Schuster, 1961), pp. 342-58.

of injuries to increase. But the same pattern emerges with the injury frequency rate, which measures the number of disabling work injuries per one million man-hours. The injury frequency rate in manufacturing in 1930 was 23.1 injuries per million man-hours. By 1960 it had declined to 12.0, but by 1970, the rate was 15.2. Since 1961, there has been a steady increase in the injury frequency rate in manufacturing.

What explains the apparent deterioration in the injury rates since the early 1950's? We don't really know. One suggestion is that during the 1960's, the labor force expanded rapidly, and the accident rate went up because younger workers are generally more accident prone. I don't know if this is an adequate explanation. One of the difficulties in sorting out the cause is the data problem. The Bureau of Labor Statistics' survey on which the injury frequency data are based comes from a voluntary schedule sent to employers, and fewer than 20 per cent of all manufacturing firms, employing less than half of all manufacturing employees, are surveyed. So what appears to have been a deterioration in the last decade may only be a statistical artifact. Fortunately, we are now on the verge of emerging from the dark ages of accident statistics, as one of the consequences of the Occupational Safety and Health Act is a very detailed reporting requirement. All work-related diseases, injuries, and deaths must be reported, beginning with the last six months of 1971. Thus, within the next year or two, greatly expanded and much more reliable data on industrial accidents will be available.

Whether due to the deteriorating injury rates or other factors, we have apparently entered a new era of general concern for industrial safety. It is even a "certified" problem, now that Ralph Nader has touched it with one of his studies—*Occupational Epidemic,* which in the paperback edition weighs three pounds. This study is a who's who of the bad guys in occupational safety; employers, government, trade unions—almost no one is spared from this attack. As there hasn't been much academic work in this area, the academic community escaped without extensive indictment.

Federal Legislation

The Occupational Safety and Health Act is the most obvious manifestation of the recent concern for industrial safety, but there has been a rush to legislation, particularly at the federal level, and it is not clear that all of this legislation is desirable. One example of particular concern is the Federal Coal Mine Health and Safety Act of 1969, which provides Black Lung benefits to coal miners and their survivors. As a result of 1972 amendments, the benefit payments will increase substantially. One estimate is that payments will total almost 1 billion dollars a year, to be paid out of general revenues for the next 18 months. To put this figure in some perspective, annual payments for workmen's compensation benefits in all 50 states at the present time total about 3 billion dollars.

I recognize the serious plight of many miners. One problem is that many workmen's compensation acts did not adequately provide benefits for work-related pneumoconiosis. But why not cover byssinosis, the brown lung disease to which workers in the textile industry are subject? Why not cover heart disease, which can be work-related and yet is inadequately covered in many workmen's compensation statutes? Or why not include a whole series of other work-related diseases, which are excluded from the

workmen's compensation coverage in some states? I don't think there is an adequate answer to these questions.

Conclusion

The emergence of interest in safety provides a chance for the Industrial Relations Research Association to make a major contribution. One commentator has suggested that health and safety will be the most critical collective bargaining issue of the 1970's. That may be an exaggeration, but I believe the 1970's will be comparable to that pre-World War I period in terms of a general concern for safety and health. Some laws are already on the books, but pressure is building for further legislation. I hope that members of this Association will provide some inputs to the process, which I suspect will set the pattern for safety and health legislation for the next several decades. We appear to be on a 60 or 70 year cycle of public interest in safety, and it may be during the decade of the 2030's before public concern with the issue again reaches a peak. **[The End]**

The Occupational Safety and Health Act: Major Policy Issues

By LAURENCE H. SILBERMAN

Under Secretary of Labor

ON DECEMBER 29, 1970, a new and widely heralded partnership came into being. Joined together were the safety engineering and occupational health professions; the U. S. Department of Labor; the Department of Health, Education, and Welfare; the federal government; and the states. President Nixon signed the new articles of agreement while Congress and most of the nation's employers and employees cheered from the sidelines.

The partnership opened shop April 28, 1971, when the Williams-Steiger Occupational Safety and Health Act became effective. The Department of Labor has thus been in the safety and health business under the Act for about a year and has discovered it's a tough business. Our customers are complaining, our backers are getting edgy, and the critics are boring in. Very definitely the early days of general euphoria are over.

In the last few months we have come under crossfire from all sides.

We have been deluged with mail from Congress, ranging from complaints about aggressiveness "reminiscent of the days of Mr. Hitler in Germany" to accusations that we have "compiled a record of arbitrary and ill-founded actions and decisions which even a charitable description would call anti-worker if not anti-human." Such uncharitable sentiments were recently responded to in a special one-hour House floor session by William Steiger, one of the authors of the Act.

House and Senate appropriations committees grilled us extensively in recent hearings. Labor committees of both houses are considering oversight hearings. Now in the legislative hopper are over 60 bills to amend the Act, almost all of them, interestingly enough, designed to lessen either its coverage or impact.

Meanwhile, both the General Accounting Office and the Nader organization have seen fit to honor us with their attention, the latter with a recently published, three pound report ominously entitled "Occupational Epidemic."

Unquestionably, a great deal of criticism is being generated. How much is valid? To answer this question we must start with policies established right at the beginning and trace the development of actions, issues, and policy decisions during the brief year of our existence.

"All Systems Go"

At the very start we were confronted with the basic policy question of just how rapidly we would move toward implementing the Act's many mandates—not simply the enforcement ones that have drawn so much fire, but also the many others whose existence critics seem to forget.

There were many arguments for a "go slow" approach. The Act itself permits the Secretary of Labor to take two years to promulgate initial standards and allows the states to continue existing standards and programs for a similar period after its enactment. Other arguments for a "go slow" policy were not hard to find.

They were all good arguments. Nevertheless, we rejected them all for a very fundamental reason, that is, the need to provide maximum protection as soon as possible. We quickly decided the only acceptable policy was "all systems go."

A good many program actions were affected by this basic decision for a fast start. We accelerated our efforts. We developed our first Compliance Operations Manual even before the Act's effective date. We published our initial standards package in the Federal Register one month, not two years, after the effective date. We worked out temporary agreements with virtually all eligible states and territories on a crash basis. We opened 10 Regional Offices and 51 Area and District Offices within a few months and hired and trained 700 new staff members in the first year. We published compliance regulations on inspections in September. To date, more than 22,000 inspections in establishments employing over 4 million workers have been performed. We required employers to maintain records on job injuries and illnesses as of July 1, 1971, and mailed instructions to 4½ million employers. The National Advisory Committee was appointed and has already met four times. Regulations for development and submission of state plans were published in October.

Inspection Priorities

It quickly became clear that priorities for workplace inspections were necessary. The Department's resources would obviously be insufficient to permit the inspection of all or even most of the covered workplaces.

There were two basic alternatives: first, we could conduct inspections on a random basis, treating all types of employers in the same manner for inspection purposes. This alternative would give equal safety and health treatment to all employees, but it fails to take into account the fact that some workplaces are significantly more hazardous than others. The second approach, which we ultimately adopted, is the "worst-first" principle mandated by the Act under which maximum attention is given to the most hazardous workplaces.

Following the "worst-first" principle, we have adopted the following inspection priorities.

"Imminent danger" situations must obviously receive first consideration.

These are situations in which it can reasonably be expected that death or serious physical harm will result before the danger can be eliminated through normal enforcement proceeding. The Act gives us authority to seek restraining orders and injunctive relief in U. S. District Courts in these situations.

Putting aside emergency situations, our first priority is inspection of workplaces following catastrophes or accidents resulting in fatalities. We conduct prompt inspections, often within hours of the accident, to determine if an imminent danger exists and whether other enforcement action is to be taken.

The next inspection priority is response to employee complaints. To date, we have received over 2,700 complaints, and for those found to be valid inspections are promptly conducted.

Next priority is the target industry and target health hazards programs —those industries and toxic substances presenting the greatest risks. In the target industry program we have selected five industries with high injury frequency rates—marine cargo handling, lumber and wood products, miscellaneous transportation equipment, roofing and sheet metal, and meat and meat products. In the target health hazards program we chose asbestos, lead, silica, cotton dust, and carbon monoxide—all known toxic substances covered by specific standards and affecting large numbers of employees.

Our last inspection priority is for a random cross-section of all industry. While the most hazardous working conditions receive first attention, we judge it important that *all* workplaces be subject to inspection in order to create adequate incentives for all employers to maintain safe and healthful workplaces.

Finally, our policy is to conduct prompt follow-up inspections to determine if abatement requirements are being met. Follow-up inspections are mandatory in the case of willful, repeated, and serious violations, or where an employer gives us reason to believe that he will not abate a violation. They are discretionary in other situations.

Disclosure Policy

A comprehensive new edition of the Compliance Manual was issued in January, 1972. The revised manual contained much detailed material on inspection procedures, complaints, imminent dangers, violations, citations, and proposed penalties. A policy decision was made to make the new Manual available to the public, even though much of the material was exempt from disclosure. The fact that the initial printing of 25,000 copies was quickly sold out supports our initial judgment of the wide public interest in it.

Our decision to publish the revised Manual was taken as part of our policy of maximum disclosure in the occupational safety and health program. Under this policy, we have disclosed all citations, proposed penalties and similar documents, and even pertinent portions of investigative files when law enforcement action based on those files no longer appeared likely.

We recognized that a number of factors limited against this policy. Disclosure of portions of the investigative files might encourage the use of compulsory process to require compliance officers to testify in personal injury cases not involving the Department, and, thus, to interfere with their inspection duties. We also were concerned that compliance officers would be less candid in preparing their reports if they knew that investigative files might be disclosed,

and that disclosure could possibly reveal inadequate investigative work, to the embarrassment of the Department. Finally, there was a necessity to reconcile the OSHA disclosure policy with the more restrictive policy of most other government agencies.

These factors were outweighed, however, by more compelling factors pointing to a policy of maximum disclosure. Although the Williams-Steiger Act itself includes no specific disclosure requirements, a number of provisions indicate a Congressional intention that employees and employers receive full information on our enforcement activities, subject only to the usual confidentiality restrictions. For example, the Act requires that citations issued by the Department describing the alleged violation be posted by the employer at or near the place of violation. Similarly, an employer has the right to see a copy of any complaints filed against him no later than at the time of the inspection.

Consideration was also given to the fact that a number of recent federal court decisions required disclosure of pertinent portions of investigative files in the enforcement of the safety and health laws. We adopted a policy which was consistent with the most recent judicial pronouncements on the subject.

Finally, we recognized that there was the widest public interest in the subject of employee safety and health. A broad disclosure policy makes it clear that this Department welcomes public scrutiny of its actions and intends to be responsive to legitimate public comment.

Penalty Guidelines

A section of the Manual that has attracted much attention deals with the calculation of penalties. The Williams-Steiger Act includes several provisions dealing with penalties. It requires penalties of up to $1,000 for serious violations. In the case of other-than-serious violations, there are optional penalties of up to $1,000. For willful or repeated violations, the Act specifies penalties of up to $10,000.

We first had to decide whether to establish a schedule of penalties; that is, indicate a specific dollar amount for each violation. While this approach would have the advantages of certainty and uniformity throughout the country, it is basically rigid, making no provision for individual judgment based on specific fact situations. Another alternative would be to give regional staff full discretion to determine the amount of proposed penalties. This approach has even more serious disadvantages. It could lead to administrative chaos, with widely differing penalties being proposed in various parts of the country.

We therefore made a policy decision to include fairly detailed instructions in the Compliance Manual to guide field staff in determining penalties. Our system includes sufficient flexibility to allow for individual judgment; yet this judgment must be exercised within the framework of the statutory criteria, requiring that consideration be given to gravity of violation, size of employer, history of violations, and good faith, and within the framework of the Department guidelines.

A typical example of these guidelines in operation is their application to penalties for alleged violations found on initial inspections. In the case of alleged serious violations, penalties on initial inspections are required by the Act. Under our guidelines such penalties range between $500 and $1,000. Where non-serious violations are found, the Area Director has discretion to decide whether or not to propose penalties for a first-instance violation. This discretion is based primarily on

the gravity of the particular alleged violation. Non-serious violations are divided into four categories and, in the case of lowest category, no penalty is to be proposed. In general, proposed penalties for non-serious violations will range from zero up to $500.

Non-Involvement in Labor-Management Issues

One of the central policy decisions of the Department in implementing the Williams-Steiger Act was our determination to avoid OSHA entanglement in labor-management problems.

Employer-Employee Rights

Congress, carefully and in great detail, delineated in the Act the respective rights and responsibilities of employees and employers in the compliance process. The employer's primary responsibility is to provide a safe and healthful workplace for his employees; more specifically, to comply with occupational safety and health standards promulgated by the Secretary. The basic right of employers is to be assured of due process at all stages of the enforcement proceeding. The employer's right to review of citations and proposed penalties by an independent adjudicatory body, the Occupational Safety and Health Review Commission, is the most important, but by no means the only one, of these rights.

Employees have parallel rights and responsibilities. Employees, first and foremost, have the right to a safe and healthful working environment. In order to assure that this right is implemented, employees have a number of more specific rights under the Act. Included among these are the rights to bring hazardous conditions to the attention of the Department by such means as filing complaints, the right to participate in all administrative and court proceedings, and a guarantee of freedom from discrimination in employment because of exercise of rights under the Act.

Employees have one major responsibility—to comply with standards so far as the standards apply to the employees or their conduct. However, the Act makes no provision for the issuance of citations or proposed penalties against employees. I shall have more to say on this in a moment.

We attempt to give full recognition to the rights of both employers and employees. In those cases where the rights are in conflict we have a delicate balancing task. This task is even more difficult when it raises questions in the area of labor-management relations.

I will give this issue a concrete context. In conducting inspections the Secretary is required to give an opportunity to an authorized representative of both the employer and the employee to participate in the inspection. The selection of the employer representative ordinarily creates no difficulty; nor does the selection of an authorized employee representative where employees are represented for collective bargaining purposes by a certified or recognized labor organization.

The hard question arises where competing unions are seeking to represent employees at the time of the inspection. If the compliance officer selects an employee representative, he implicitly would be resolving the question concerning the representation of employees, a responsibility that belongs to the National Labor Relations Board.

Applying our policy of non-involvement, we have instructed the field staff to avoid approving an employee representative in these circumstances. (Under the Act, if no employee representative is selected, the compli-

ance officer is required to consult with a reasonable number of employees concerning safety and health matters in the workplace.)

Disadvantage of Involvement

There are few, if any, arguments favoring our involvement in labor-management issues. There are many against.

In the first place, the principle of non-involvement in labor-management relations issues is written into the Act itself. I have already indicated that there is no provision in the Act for issuing citations and proposed penalties against employees. The right of an employer to discipline his employees for violating plant rules in accordance with applicable bargaining agreements is central to the scheme of labor-management relations in this country. Congress understood that this prerogative would be seriously undermined if the Government had authority to impose penalties on employees for what amounts to misconduct on the job.

There are other major disadvantages that would follow from our becoming involved in labor-management issues. Our primary emphasis must be on safety and health issues, not on labor-management questions. If we were to become embroiled in questions concerning representation, our limited resources could be expended in dealing with matters concerning which OSHA has little familiarity, to the harm of our program responsibilities.

Effective Existing Procedures

Finally, labor-management issues are more effectively resolved by existing procedures under other statutes and under bargaining agreements. The procedures for settling labor-management issues in the courts, in administrative proceedings, and under collective bargaining agreements has been developed over a long period of time. Considerable expertise has been developed in resolution of these problems, based both on a knowledge of the applicable law and a sensitivity to the realities of the employment situation. It is for this reason, primarily, that the Department has determined that wherever possible the question of whether employees should be paid for participation in walk-around inspection should be resolved under applicable collective bargaining agreements. This procedure, if utilized, would bring to bear the local plant experience in resolving an issue which is in essence one of labor-management relations.

State Participation

The Act encourages the states to assume "the fullest responsibility for the administration and enforcement of their occupational safety and health laws . . ." It makes clear they are to be true partners with the federal government through developing plans for carrying out their own programs which will eventually replace federal standards-setting and enforcement efforts in areas covered by their plans.

Early in 1971, we were concerned with whether the states would actually want to participate and whether they would be willing to measure up to a radically new approach in safety and health enforcement. So far, the answer seems to be a resounding "yes." Of 55 states, territories and the District of Columbia, all but one have filed statements indicating intent to submit a state plan. All states and territories have received grant funds to help develop their own plans except two territories for whom we shortly expect to approve grants. Many states require comprehensive enabling legislation to mount an approved pro-

gram. Six have already passed such legislation, and at least a dozen others have bills pending. The Department of Labor itself has moved to assist the states to participate by adopting a policy of funding a full 50 per cent of the cost of approved state plans without resort to arbitrary formulas for allocation of funds.

Last October we published our regulations on state plans. These regulations set forth the standards which state plans must meet in order to qualify for federal approval.

Some groups have argued that no state plan should be approved unless it duplicates federal standards and enforcement, and unless it does so at the time of submission. I have no doubt that those making this argument sincerely believe that this approach reflects the intention of Congress and that it would lead to the maximum protection of workers.

But they are wrong for two fundamental reasons. As I shall show, it is inconsistent with the language of the Williams-Steiger Act. And, by imposing severe restrictions on the states, this approach would discourage them from participating in the program and thus ultimately would adversely affect employee safety.

First, the language of the Act does not require that a state plan provide for standards and enforcement which in all respects will be identical with the federal safety and health program. Section 18 says that the state program must be "at least as effective" as the federal program. Our regulations include indices of effectiveness with regard to standards and enforcement. The state may devise various ways of meeting each index so long as it demonstrates that its alternative will be "at least as effective" as the comparable part of the federal program. This approach allows the states to be flexible and creative, while at the same time insures that there will be no diminution in the protection of employees.

The Act also recognizes that a state plan may be approved even though a period of time will elapse before the "at least as effective" criteria will be met. Again, the language of the statute is controlling. Section 18(c)(2) permits us to approve both state plans which *are* at least as effective and those that "will be" at least as effective in providing safe and healthful workplaces. Consistent with that mandate, our regulations allow for approval of state plans, called developmental plans, which include a timetable of actions to be taken by the state to meet the federal requirements within a period of no more than three years. During that period, we will continue to enforce the federal law to the extent necessary to assure adequate safety and health protection. As the state effort builds up, the federal activity could decline. Overall protection will be assured.

Conclusion

It should be apparent by now that in fashioning the federal occupational safety and health program we have been faced with numerous difficult issues. We have resolved these questions, we believe, in a way to enable us to develop and carry out a balanced program effort, looking not only at today's statutory requirements but also at the improvements necessary over the next four years and beyond. We are dedicated to building a broad program that will eliminate occupational hazards from the American workplace. We believe we have made a substantial and responsible start toward this goal. **[The End]**

A Labor View of the Occupational Safety and Health Act

By GEORGE PERKEL

Textile Workers Union of America

THE ENACTMENT OF THE Occupational Safety and Health Act of 1970 was hailed by AFL-CIO President Meany as "a long step down the road toward a safe and healthy workplace." President Nixon called it "a landmark piece of legislation." The *Monthly Labor Review* went so far as to term it a "revolutionary program."[1] On the other hand, Leo Teplow, formerly with the Iron and Steel Institute, in a memorandum written for the National Association of Manufacturers, described it as "a strange melange of Naderism and laborism."[2]

After a year of experience under the law, none of these characterizations seems quite apt. To one who had some involvement in the effort to obtain Congressional approval of the law and who has been laboring to achieve some benefits for workers who are supposed to be protected by it, the law looks like a great big promise—one whose fulfillment seems to recede with the passage of time. The rhetoric of the administration has not been matched by its performance. Indeed, the size of the budgets proposed for implementation of the law is clear proof that the administration has no intention of fulfilling the law's promise.

Consolidation Coal Disaster

To appreciate this conclusion it is necessary to go back to 1969, when the serious effort to achieve federal legislation began. It was a time of ferment among many working people. An explosion at the Consolidation Coal Company's mine at Farmington, W. Va. had killed 78 coal miners in November, 1968. Some 30,000 West Virginia coal miners were led by the West Virginia Black Lung Association to conduct a wildcat strike in February and press demands on the state legislature for health and safety reforms. This movement culminated in a national campaign for federal legislation which resulted in the enactment of the Federal Coal Mine Health and Safety Act of 1969.

The experience of the coal miners was not lost on organized labor in other industries. The tolerance with which workers endured the onerous conditions they were exposed to on the job was breaking down. The heat and noise, the dust and other contaminants that pervaded the environment of factory and foundry were being questioned. The risk of loss of limb or even loss of life itself was no longer regarded as an inevitable part of life's travail.

A major element in the acquiescent attitude of workers had been their ignorance of the hazards they faced in the workplace. They were generally as unaware as were the American people of the threat to their lives posed by cigarette smoking and the myriad of pollutants emitted by automobiles and industrial processes. It

[1] Merv Knobloch, "Labor and the Economy in 1971," *Monthly Labor Review,* Vol. 95 (January 1972), p. 24.

[2] Cited in Bureau of National Affairs, *Current Reports, Occupational Safety and Health Reporter,* No. 1 (May 6, 1971), p. 9.

was only when the results of scientific investigations entered the public consciousness that people began to change their attitudes. As knowledge of the harmful effects of toxic substances in man's environment spread, so did the determination grow among working people to put a halt to the practices which had made human guinea pigs of them in the workplace.

The growing concern of working people was reflected in the results of a survey conducted in late 1969 by the University of Michigan's Survey Research Center, which found that "the labor standards areas that were most important to workers were those relating principally to the general area of health and safety and, secondarily, to the general area of income . . ."[3]

Legislative History

The Congressional Hearings on the Occupational Safety and Health Act gave workers and their union representatives an opportunity to express their concerns. The major thrust of their testimony was to stress the need for protection against the unseen industrial hazards to health from air contaminants and physical agents. While a number of references were made to the dangers of accidental injury, the great bulk of the anxiety expressed by working people related to the insidious health effects of exposure to dusts, fumes, gases, chemicals and physical agents.[4]

The weight of the testimony clearly established the utter bankruptcy of the state system of regulation. Among the numerous complaints documented by the worker witnesses were the failure of state laws to provide authority for entry into plants; grossly inadequate funding and staffing; advance notification to employers of inspection; obsolete standards with little or no provision for updating them; failure to furnish reports of inspection to employees affected. Recurring throughout the testimony of these witnesses was a sense of frustration at being kept out of the entire process; procedures for enforcement of state safety and health regulations were a matter between the state and management. If the state inspector ever got past the front office, the workers and their representatives had no knowledge of it.

Provisions of the Law

Under the Occupational Safety and Health Act of 1970, it is the policy of the government "to assure as far as possible every working man and woman in the Nation safe and healthful working conditions." This policy is to be carried out by imposing on each employer the following duties:

1).—To furnish "employment and a place of employment which are free from recognized hazards that are causing or are likely to cause death or serious physical harm to his employees," and;

2).—To "comply with occupational safety and health standards promulgated under this Act."[5]

The standards to be promulgated dealing with toxic materials or harmful physical agents are to be such that each "most adequately assures, to the extent feasible . . . that no employee will suffer material impair-

[3] Neal Q. Herrick and Robert P. Quinn, "The Working Conditions Survey as a Source of Social Indicators," *Monthly Labor Review*, Vol. 94 (April 1971), p. 16.

[4] *Hearings on Occupational Safety and Health Act of 1970* before the Subcommittee on Labor of the Senate Committee on Labor and Public Welfare, 91st Congress, and *Hearings on Occupational Safety and Health Act of 1969*, before the Subcommittee on Labor of the House Committee on Education and Labor, 91st Congress.

[5] Sec. 5(a).

ment of health or functional capacity even if such employee has regular exposure to the hazard dealt with by such standard for the period of his working life."[6]

Procedures for enforcement are established which authorize compliance officers to enter any workplace and make necessary inspections and investigations. Advance notice of inspections is prohibited except when authorized by the Secretary of Labor or his designees. Penalties for violations are provided, with a maximum of $1,000 for each violation, except for willful or repeated violations, which are subject to $10,000 penalties.

Employees and their representatives are given a series of rights designed to assure their participation in every step of the process of achieving the goals of the legislation: participation in committees set up to advise on the administration of the Act in general and on the promulgation of particular standards; access to information concerning potentially toxic materials or harmful physical agents and to records of environmental monitoring, and statistics on illnesses and injuries; lodging of a complaint leading to an inspection; accompanying the compliance officer on his inspection; obtaining the results of an inspection; education in the recognition, avoidance, and prevention of unsafe or unhealthful working conditions.

Promise v. Performance

This necessarily abbreviated description of the Act is sufficient to provide an insight into the enthusiasm with which its enactment was greeted by organized labor. Of course, this enthusiasm was tempered by the knowledge that even the best of laws will be only a scrap of paper unless adequate provision is made for effective implementation.

One year has passed since the effective date of the Act. While this is barely enough time to permit a definitive evaluation of its administration, developments during the past year have established a clear trend. In numerous ways, the agencies responsible for the administration of the law have moved to weaken the safeguards established by the Congress.

There are many criteria for evaluating the effectiveness of the administration of a law. But there is one which provides a critical test. That is the amount of money made available to get the job done.

In the case of the Occupational Safety and Health Act, adequate funding is absolutely essential. The scope of the administrative responsibility is enormous—some 4.1 million workplaces with 57 million employees are covered. Standards need to be promulgated for many thousands of potential hazards; enforcement of the standards requires the training and deployment of skilled compliance officers and industrial hygienists in sufficient numbers to assure compliance; and contested enforcement actions need to be adjudicated.

To do this job, the three agencies involved (Occupational Safety and Health Administration [OSHA], National Institute for Occupational Safety and Health [NIOSH] and the Occupational Safety and Health Review Commission [OSHRC]) requested a total of $57 million in appropriations for fiscal 1972. This was appreciably less than the Department of the Interior requested for its wildlife habitat and production program ($81 million).

[6] Cited at footnote 5, Sec. 6(b)(5).

Budgetary Hobbles

Not only were the administration's fiscal 1972 requests absurdly low on a comparative basis, they were hopelessly inadequate in terms of the requirements of the job. Even after lobbying by organized labor succeeded in obtaining an increase in the appropriation for OSHA of $5 million, the funds could support a maximum of only 500 compliance officers in the field and 52 industrial hygienists. By contrast, the Bureau of Mines' appropriation provided for 1,000 inspectors to cover some 2,000 coal mines and 20,000 other mines, with a total of less than 200,000 workers. In the United Kingdom, some 500 field inspectors cover manufacturing industries employing some 8 million people. This means a level of enforcement more than seven times as great as the U. S. level.

Lest the fiscal 1972 figures be discounted as being applicable only to the first full year of operations, let us consider the budget requests for fiscal 1973. The amounts requested for next year add to a total of $97 million. However, the great bulk of the $32 million increase requested over fiscal 1972 is accounted for by a rise of $22 million for state programs. As a result, the amount budgeted for federal enforcement ($23 million) is still only 38 per cent of the amount proposed by the Bureau of Mines for inspection of mines ($62 million). Moreover, the maximum number of compliance officers projected under OSHA's budget for next year (800) is only half of the number that was recommended by the staff-level working committees during planning for implementation of the new law in December, 1970.[7]

NIOSH, which is responsible for conducting the research necessary for reviewing and developing standards, will be most severely hampered in its mission by the fiscal 1973 budget. Its request of $29.5 million will result in a mandatory cut-back of 30 positions in its roster next year. The fiscal 1973 proposal is $8 million less than the amount projected for that period by a group of task forces planning the implementation of the new law early in 1971.[8] The ever-expanding list of hazardous substances being introduced into industry every month demands that government research be expanded. Criteria are urgently needed for setting standards covering these new hazards. Yet the total budget for NIOSH research grants outside of the coal mining area next year comes to $2 million.

These facts simply do not jibe with the public protestations by the administration to the effect that "the occupational safety and health of the American worker (has) become a top priority objective for us."[9] Top priority objectives do not get starved at budget-making time. As noted by Sidney Wolfe of the Nader Health Research Group, "the surest way for an industry-dominated government to protect corporate profits from expenses incurred in making every workplace healthy and safe is to minimize funds for inspection."[10]

Counter-Productive Priorities

The one aspect of the Act which has indeed received top priority has

[7] Bureau of National Affairs, Inc., *Daily Labor Report*, December 30, 1970, p. A-6.

[8] Unpublished Task Force Reports reviewed by Occupational Health Advisory Committee to the Bureau of Occupational Safety and Health, March 9-10, 1971.

[9] Statement of Secretary of Labor Hodgson on the occasion of the President's signing the bill, December 29, 1970.

[10] Paper presented before Symposium on Workers and the Environment, American Association for the Advancement of Science, Philadelphia, December 26, 1971, p. 3.

been the provision for state plans.[11] Even before the effective date of the Act, the Secretary of Labor wrote to the state governors notifying them that "we are giving highest priority to the development of procedures which will enable the states to continue their current programs and to assume as quickly as possible the role envisioned by the Act."[12] It is unfortunate that the Secretary overlooked the fact that the highest priority set by the Congress was to implement the federal government's responsibility for assuring workers of their right to a safe and healthful workplace.

Equally tragic is what was not said in that letter and in subsequent regulations that makes a mockery of the Act's requirement that state programs be "at least as effective" as the federal program. The regulations for state plans set forth various criteria and "indices of effectiveness."[13] However, there is no requirement that any state program shall include the specific participatory rights of the worker which constitute the cornerstone of the federal law. Moreover, the regulations for approval of state plans have been so framed that plans may be approved as "developmental plans" even if the state legislature has not acted on, or has rejected, proposed enabling legislation.

Organized labor has had too much experience with the malfeasance and nonfeasance of state safety and health officials to regard the administration's efforts to shift its responsibilities to the states as anything but a move to scuttle the Act. Leo Teplow's previously cited memorandum to the National Association of Manufacturers provides an insight into the administration's motivation. "The new law gives employees or unions the right to monitor the Secretary of Labor in the discharge of his duties under the law," according to the Bureau of National Affairs account of the memorandum. "He advised employers to consider (sic) state administration of the law . . ."[14]

Mechanical Hazards v. Health Hazards

There are many other aspects of the priorities pursued by the administration which contribute to the conclusion that this entire program is more concerned with appearance than effectiveness. From the beginning, the enforcement program has concentrated on mechanical safety hazards, to the detriment of the health hazard problem. Compliance officers have been recruited and trained with safety as the primary field of operations. The task of detecting violations of standards for air contaminants and physical agents is generally more complex and requires an industrial hygienist to do the job. Yet, the ratio of compliance officers to industrial hygienists on OSHA's field staff as of November 1, 1971 was 14 to 1.[15]

With 60 per cent of the complaints to OSHA relating to health hazards, the administration announced in January, 1972 that it was launching a "target health hazards program" designed to give higher priority in enforcement activities with respect to hazards to health involving exposure to five substances (asbestos, cotton dust, silica, lead

[11] Sec. 18(c) authorizes the Secretary of Labor to approve state plans for the development of standards and their enforcement which "are or will be at least as effective" as the corresponding federal standards.

[12] Letter to the 50 state governors from Secretary Hodgson, February 26, 1971.

[13] *Code of Federal Regulations*, 29, Chapter XVII, Part 1902.

[14] Cited at footnote 2, p. 1.

[15] *Implementation of the Williams-Steiger Act, A Six Month Report*, U. S. Department of Labor, November 1971, p. 1.

and carbon monoxide). NIOSH has estimated that some 4 million workers in 3,000 workplaces have potential exposure to one or more of these substances. At the time of the announcement of this program, OSHA had 14 industrial hygienists in the field.[16] The task of enforcing the program would be theirs—unless, of course, they had higher-priority duties to attend to, such as investigating fatality or catastrophe situations or making inspections in response to complaints. It is obvious that this corporal's guard of industrial hygienists cannot begin to do the job required of them. OSHA has turned a deaf ear to labor's pleas for innovative approaches—such as the utilization of para-professionals who could be trained much more rapidly than full-fledged hygienists.

Chain Robbins concluded his announcement of the new program with the statement, "By (early February) the new Target Health Hazards Program will be 'All Systems Go.' "[17] As of this writing (early April), there has not been a single investigation of a cotton dust hazard under the new program.

Lag in Toxic Substance Action

The misplaced priority on mechanical safety is also reflected in OSHA's program for promulgating standards. The initial package of standards issued on May 29, 1971 included some 400 toxic substances.[18] NIOSH has listed 8,000 toxic substances known to be in use in industry.[19] Marcus M. Key, Director of NIOSH, has estimated that "there are about 10,000 chemical substances in common or widespread industrial use . . . New chemicals are being developed at the rate of several thousand each year . . ."[20]

In the face of the vast need for expanding the coverage of OHSA's standards, the administration announced on March 3, 1972 "a timetable for 46 proposed changes in standards" during the balance of calendar 1972. Aside from adopting the 1971 revisions made by the American Conference of Governmental Industrial Hygienists on toxic substances and noise, only four of the 46 proposed changes relate to toxic substances. The rest deal with mechanical safety. Meanwhile, NIOSH, which has the responsibility for preparing criteria and recommendations for new and revised standards, has so far completed just one criteria document (covering asbestos) and has plans to issue 4 more in fiscal 1972 and 15 in fiscal 1973. At this rate we will be well into the 21st century before even a majority of the toxic substances to which workers are exposed are covered by OSHA standards.

Penalties Which Do Not Penalize

Space limitations do not permit me to discuss all of the developments which have given me cause to doubt the seriousness of the administration's posture. I shall therefore conclude with the question of penalties. The law provides for penalties for a variety of violations. Aside from the crime of killing a person while engaged in enforcing the law and willful violations which cause death to an employee, the civil penalties provided are "not

[16] Statement of M. Chain Robbins, Deputy Administrator, OSHA to National Advisory Committee on Occupational Safety and Health, January 4, 1972, p. 2.

[17] Cited at footnote 16, p. 5.

[18] *Federal Register,* Vol. 36 (May 29, 1971), Part II.

[19] Herbert E. Christensen, ed., *Toxic Substances, Annual List, 1971,* National Institute for Occupational Safety and Health, 1971.

[20] Paper on "The Real Significance of Occupational Health," presented at the National Safety Congress, Chicago, October 25, 1971, p. 6.

more than $1,000" and "not more than $10,000."[21]

From a layman's point of view, one would assume that, following the dictionary definition, a penalty would be a "punishment for crime or offense," and that one of its principal purposes would be to deter potential offenders from violating the law.

Whatever purpose the OSHA system of penalties may have, clearly this is not one of them. OSHA's 16,162 inspections between July 1, 1971 and January 31, 1972 found that 79 per cent of the establishments inspected were in violation of the law. A total of 42,942 violations were cited and OSHA proposed penalties amounting to $1,006,250.[22]

Dividing the penalties by the number of violations yields an average of $23 per violation. Can this be meaningful? One might well object that since some violations are not "serious," not all should be included in the computation. For present purposes I will not argue the point (although the arbitrary means used to determine seriousness is open to question). Recalculating the average by dividing penalties by the number of citations yields a figure of $85. Surely this is no penalty to provide deterrence!

No, the OSHA penalty system is obviously not designed for that purpose. It is designed for what the Administrator frequently calls "voluntary compliance." The theory is that if employers know that the government is not out to penalize them if they violate this law, they will voluntarily comply with it—even if complying costs much money.

The logic of this theory escapes me. I rather think Ralph Nader was closer to the truth when he said, "The answer is to make violating health and safety laws more expensive than improving working conditions."[23]

[The End]

[21] Sec. 17.

[22] U. S. Department of Labor Press Release 72-167, March 17, 1972.

[23] *The Washington Post,* December 27, 1971, p. 2.

OSHA and the Numbers Game

By KENNETH W. NELSON

American Smelting and Refining Company

THE TITLE OF MY TALK may seem obscure. Indeed, the title is not the main point I wish to make, but it was the only title I could think of quickly in response to a telephoned request for one. Principally, my subject is the general occupational health aspects of OSHA and some Industrial Hygiene history prior to the Act.

At the annual meeting of the American Association for the Advancement of Science held last December in Philadelphia, one particular session was entitled, "Workers and the Environment." Two of the principal speakers were Mr. Tony Mazzocchi of the Oil, Chemical, and Atomic Workers Union and Mr. Ralph Nader.

A few weeks ago I listened to tape recordings of the presentations of Mazzocchi and Nader. Two things struck

me: first, that the talks contained no science at all, and second, that they contained much misinformation and left an entirely false impression with a learned, largely academic, audience.

In the speeches, there were both general and specific charges that giant corporations cared nothing about employee health, that assorted industrial diseases were rampant in our industries, and that occupational health programs were virtually non-existent prior to the Occupational Safety and Health Act of 1970.

There was no rebuttal to those statements. The charges would have been bad enough if aired only to the general public. Being presented, instead, to some of the best scientists in the nation who conduct our research and teach our children, such unsupported charges can do incalculable harm in influencing the thinking of the younger generation.

I'm sure that you're all familiar with the field of Industrial Hygiene, but let me read its official definition. It is "that science and art devoted to the recognition, evaluation and control of those environmental factors or stresses, arising in and from the workplace, which may cause sickness, impaired health and well-being, or significant discomfort and inefficiency among workers or among citizens of the community."

The prevention of occupational diseases, so prevalent according to Mr. Nader, is thus one of the several objectives of the field of Industrial Hygiene. (The word "hygiene" has been popularly misused for many years, such as in social hygiene and feminine hygiene, but there's really nothing wrong with it. Its basic meaning is the science of health.) Activity in the field goes back many years. The American Public Health Association organized a section on Industrial Hygiene in 1914. The U. S. Public Health Service organized a Division of Industrial Hygiene and Sanitation in 1916. A Journal of Industrial Hygiene was established in 1919. A Department of Industrial Hygiene existed at the Harvard School of Public Health in 1922. A number of universities developed curricula in ensuing years.

Engineers, chemists and physicians, practicing Industrial Hygiene as employees of public agencies, banded together in 1938 to form the American Conference of Governmental Industrial Hygienists. Professionals from private industry, as well as from government, formed the American Industrial Hygiene Association in 1939.

Other organizations important in the advancement of Industrial Hygiene were the American Standards Association, the Industrial Health Foundation, the National Safety Council and various insurance companies.

Members of these groups, few though they were, did an enormous amount of research and publication in the many disciplines which constitute Industrial Hygiene. We talk glibly today about interdisciplinary efforts in attacking environmental problems, as though cooperation among the disciplines were a new idea. Such efforts were being exerted years ago by Industrial Hygienists delineating the etiology of industrial diseases and seeking to control the work environment. The only real difference between their work and that of the pollution control scientists and engineers of today is one of scale.

Industrial Hygiene in the early years, however, never made much of a splash. The principal reason was, I suggest, that occupational diseases were, and are, very few in number compared to traumatic industrial accidents. It was hard to get state health departments and, more importantly, state legislatures, exercised over one or two cases

of temporary lead poisoning or even silicosis when many workmen in the larger states were killed each year in accidents. Occupational illnesses were important to the affected worker and his employer, but not to the public at large.

Interest in occupational disease prevention was strongly stimulated, however, in the Depression of the "thirties" by the filing of suits for several million dollars by unemployed miners claiming to have silicosis. Problems incident to the Atomic Age boosted public interest in the work environment during the "forties" and even prompted the development of an industrial hygiene specialty known as Health Physics.

The wide use of electric welding and other new technologies during World War II, the expansion of the use of industrial chemicals, the compensation awards for noise-induced hearing losses—all of these added impetus to an appreciation of industrial hygiene work and added names to the roster of professional personnel. But still there was no great splash.

Broad interest in the work environment and health really gathered momentum when the public fright over air pollution began. One can almost pinpoint the date as 1967. From then 'til now, the media have scared the bejabers out of the public and it was inevitable that fear of the general environment would spill over into the work environment. The assumption was that the gases and dusts we worried about in outside air *must* be hurting us at work, for there we could smell these air contaminants or see them at times. If a hundred micrograms per cubic meter of dust in city air were too much, how about ten times as much in the workroom? The media, the workers, the general public, and the legislators of course, all failed to understand the many factors to be considered in setting up community air standards as compared with workroom air standards.

Then came the "Black Lung" discovery among coal miners. Not really a new discovery, but now extended to award compensation for lung changes which might or might not be related to dust exposures and which could and do result from the normal changes of age or those caused by smoking.

Pollution fears, new definitions of occupational disease, and a heightened social consciousness combined to push foward the Occupational Safety and Health Act of 1970. No one could argue against the good intent of the Act, but, as so often happens, misinterpretation, inexperience, and unrestrained bureaucracy have combined to create some serious problems. Let me focus on one that has arisen in the health field.

There is the matter of standards. The Act has included in it certain levels of atmospheric contaminants which can cause effects ranging from simple annoyance to acute injury and death. The tables of levels, or threshold limit values (hereinafter referred to as TLV's), of these contaminants are those laboriously developed over the years by committees of the American Conference of Governmental Hygienists and, to a lesser extent, the American National Standards Institute.

Every Industrial Hygiene professional has used the TLV's and has recognized them for what they are—guides to good practice in maintaining comfortable and healthful working conditions.

Most TLV's are *time-weighted* averages, that is, the *average* levels of gas, vapor, or dust over an 8-hour period must be within the numerical concentration limit. For part of the time,

however, the level may rise above the limit. Allowing for such excursions and fluctuations is simply recognizing the actual conditions which usually exist in the workplace. Rarely, if ever, is air contamination at a uniform level.

In a few instances TLV's incorporate a ceiling which should not be exceeded even for a short time if irritation or other adverse effects are to be averted. You've heard about drowning in a stream having an *average* depth of two feet.

Industrial hygiene practice routinely seeks to control air contaminants by various means. Among them are isolation of the offending operation, local exhaust to capture the contaminant at its source, and dilution to keep the air concentrations at acceptable levels. When control by these methods is not feasible, personal protective equipment such as respirators may be used.

The assessment of risks to health and the subsequent selection of the control method to be used are matters of scientific training and professional and business judgement. And here is one point at which the administration of the Occupational Safety and Health Act has foundered and thereby fostered some knotty problems.

In spite of the law's provisions for "administrative control," which could include medical exams, biological monitoring, respirators, and work transfers, the Labor Department has taken the position that mere excesses above the TLV's violate the standards or violate the general duty clause of OSHA in that they are evidence of conditions likely to cause death or serious physical injury. The *Department of Labor v. ASARCO* is a case in point.

In June, 1971, Industrial Hygienists for the Labor Department collected seven samples of airborne dust and fumes in ASARCO's lead refinery in Omaha. The samples were analyzed for lead and five of the seven showed atmospheric lead concentrations above the accepted TLV of 0.2 mg/m^3. ASARCO was duly cited and ordered to pay a fine and to correct the conditions found within 60 days.

The citation was issued in spite of the fact that workers were provided with and wore Bureau of Mines-approved respirators in the course of their duties to prevent the inhalation of airborne lead and reduce actual lead exposure to zero. Further, the workers were regularly monitored by means of blood and urine analyses to detect excessive lead absorption which might in time cause ill health effects. Action to reduce absorption would follow detection.

ASARCO appealed the citation, denying conditions likely to cause death or serious physical injury. A lengthy hearing was held before an examiner appointed by the Review Commission. The examiner ruled against ASARCO in spite of evidence concerning respirators, the 25-year-old ASARCO industrial hygiene program of surveys, improvements in working conditions, biological monitoring and periodic physical examinations. No evidence of death, serious physical harm, or even temporarily disabling lead intoxication was introduced. Because airborne lead had exceeded *numbers,* which did not consider such things as deficiencies of sampling apparatus, particle sizes of airborne dusts, and the effective exposures as measured by biological monitoring, ASARCO was declared guilty of violating the general duty clause.

ASARCO has requested and has been granted a review of the case by the full Commission. Should the hearing examiner's decision be upheld by the Commission and by the courts, we may expect several important consequences in trying to operate under

the Act. Let me give an example of another possible case.

Consider a chemical plant where a solvent "x" is being used to prepare a furniture polish. Normally no solvent vapor gets into the room, but for brief periods an employee is exposed. It is easy to calculate that even a 15-minute exposure to an air contaminant "x" could cause the 8-hour average exposure to exceed the TLV.

Suppose, for example, the TLV for substance "x" is 1 ppm. Eight hours times 1 ppm equals 8 ppm-hours. A 15-minute exposure to 20 ppm, with only 0.4 ppm over the remaining 7¾ hours of an 8-hour shift would create a total exposure of $20 \times \frac{1}{4} + 7\frac{3}{4} \times .4 = 8.1$ ppm-hours. Thus the TLV would be exceeded.

Now a cartridge respirator, a supplied air respirator, or a self-contained breathing apparatus could be worn during the brief, high exposure period and thus actual, effective exposure would be well below the TLV.

But, if the *ASARCO* case is a precedent to be strictly followed, respirator-wearing would not be permissible.

The alternative to respirator-wearing could be a ventilation system or process change involving substantial capital expenditures and the maintenance of the system forever after. In order not to install the system or make the change, the employer would have to prove, to the satisfaction of the government, that control of exposures by engineering means was not feasible. What is "feasible?" Each contested case might have to be decided by a court.

The important results of all this are that evaluation and control of a potential risk to health are not left to the professional Industrial Hygienist, even the Government Hygienist, and that selection of ways to control potential risks to health is not in the hands of management. The entire evaluation and subsequent decision are both made simply on the basis of numbers determined by doubtful instruments operated perhaps by relatively inexperienced inspectors. And those numbers will not be interpreted but will only be compared to printed standards. If Industrial Hygiene is that simple, we might as well scrap the academic training and experience required of the professional Industral Hygienist.

Industrial Hygiene TLV's were never intended to be used as strict standards, as the preface to the American Conference of Governmental Industrial Hygienists' 1971 TLV booklet clearly states: "Threshold limit values refer to time-weighted concentrations for a 7- or 8-hour workday and 40-hour workweek. They should not be used as fine lines between safe and dangerous concentrations." For many years, also, the preface included the statement that the Conference did not consider TLV's appropriate for adoption in legislative codes and regulations and recommended against such use.

Though, for the present, industry is stuck with rigid numbers in assessing health risks from airborne contaminants, there is hope. The Federal Register for April 22, 1972, carried an appeal from the National Institute of Occupational Safety and Health for information which might be useful in establishing biological monitoring procedures and safe levels for lead and certain other substances. Biological monitoring will almost certainly be adopted, in spite of opposition from some quarters, simply because it is the best way of assessing actual, *effective* exposures to such substances instead of the *apparent* exposures as measured by rather crude

sampling devices often in inexperienced hands. But again there is a danger. Biologically safe levels could be set at extremely low values that would be impracticable to meet and that are far below those suggesting a significant effect on health. The U. S. lead industry, for example, could not hope to compete internationally if biologic standards, as well as air standards, required environmental controls comparable to those employed in the nuclear industry.

All this may sound as though I would favor no TLV's, no controls, no regulations, and that I am carping —as Mazzocchi and Nader do—but at another, opposite extreme. On the contrary, a lifetime of my work has gone into the promotion of better working conditions and better occupational health. The spirit of OSHA has been a guiding principle all my professional life. It's the *administration* of the law that's giving me problems. **[The End]**

The Occupational Safety and Health Act

A Discussion

By MONROE BERKOWITZ

Rutgers University

MR. PERKEL TRACES IN graphic detail failures of state safety and health legislation, and maintains that the climate of frustration engendered by this non-regulation culminated in the passage of the federal law. But the complaint now is that the federal Act is not funded the way it should be funded, it is not being enforced the way it should be enforced, and it is not being manned the way it should be manned.

To all this, the cynical observer of government regulatory programs might respond, "So what else is new?" Is it not a bit naive to expect that appropriations will be sufficient, that interest groups will be able to agree on priorities, or that the more complex and subtle health hazards will be given prominence over the more obvious mechanical safety hazards in an agency which must show evidence of activity? Perhaps the difficulties here are more serious than appear on the surface. Perhaps the same factors which caused dissatisfaction with the state system are still prevalent in the federal program.

The administration has greeted the passage of the Occupational Safety and Health Act with some measure of schizophrenia. It is a positive achievement, but the difficulties of enforcement are such as to cause any administrator headaches. In the whole nationwide array of programs deserving to be financed, safety and health legislation, as important as it is, is just not going to receive the attention that some of the affected people think it deserves. Inevitably, the Act gets judged by how many inspections are conducted, by how much was levied in fines, by the number of standards set, rather than by the ef-

fects on the incidence of accidents and industrial diseases.

Standards Setting

The problems are multiple. First of all, there is the terribly difficult matter of the standards themselves. The controversy which preceded the passage of the Act was concerned with how and by whom these standards would be set. As evidenced in the *ASARCO* case, referred to by Mr. Nelson, the whole concept of threshold limit values (TLV's) is a complicated one. Time-weighted averages are difficult to explain and even if understood, the allowances for excursions and fluctuations make a complex problem more difficult. The practice may be to err on the safe side and set a lower standard, but in a sense the only safe standard for atmospheric concentration is zero mg/m^3 in the lead mines; not 5, not 2, but zero asbestos fibers per cubic centimeter of air in the asbestos plant. And, of course, it is at this level that industry must shut down. The difficulty is that we are ignoring the costs and the benefits of the several avenues to reducing accidents and diseases.

Inadequacy of Inspections

The second difficulty is that inspections alone cannot do the entire job. If each factory inspector spent half a shift on the premises of each factory once a year, we are still only talking about one five-hundredths of the working time subject to impartial inspection. Such an amount is hardly a sufficient enough sample of working time to guarantee safe and healthy working procedures over the entire year, if inspection remains as the sole reliance.

What can be said in favor of OSHA? It turns out a great deal can be said in its favor. Certainly, it is better to have an overall Occupational Safety and Health Act rather than separate acts for each of the industries, or each of the diseases. If one can justify a Coal Mine Health and Safety Act, why not a similar act for the asbestos industry? If "black lung" deserves special treatment, why not byssinosis in the textile industry? The path is endless and promises chaos and confusion.

OSHA can structure a situation and provide certain overall standards. It can provide a great deal of needed information about causes of accidents and diseases. Analyses of the accident information now being accumulated can provide us with the first real look at what the health and safety situation actually is in American industry. Certainly, this is a prerequisite to solving the problem.

All three speakers end on essentially optimistic notes. Secretary Silberman points to the record of encouraging states to develop their own plans and to experiment with various methods of accomplishing the desired ends. Can we go further and look at the individual firm, and encourage the experimentation in various methods of achieving the desired goals? As Mr. Nelson points out, there is a relationship between TLV's, biological monitoring, respirators, physical examinations and transfer systems. The economist learned long ago that you can sum these dissimilar things by the common unit of money. Mr. Perkel says that the answer is to make violating state health and safety laws more expensive than improving working conditions. A slight amendment to this would secure my ardent approval.

Employer as Total Funder

The answer is to provide an incentive to employers so that providing healthful and safe working conditions becomes *less* expensive than the consequences of running a plant where safety and health hazards abound. And it is to this end that we cannot ignore whatever contributions an *effective program* of workmen's compensation can bring to a system of occupational safety and health. We live in a peculiarly divided world. What takes place up to the time that an accident occurs is the responsibility of the safety and health personnel, and what takes place after the accident when the worker has already been damaged is the responsibility of state programs of workmen's compensation. It is time we recognize that this is all of one piece. If each employer is made to pay the full costs involved in accidents and industrial diseases, he can be stimulated to provide the necessary inspections, safety equipment, education and training programs, and any and all ways and means designed, not to maintain standards, but to prevent industrial accidents and diseases. To accomplish the desired end will require modifications in our current workmen's compensation programs.

OSHA is necessary to provide the overall administrative framework and to set the basic rules. Without a sound system of employer-employee incentives, it will be doomed to failure as it travels along the road that has been outlined today. With such a system it has a chance to make industry improve conditions under which the American worker must live.

[The End]

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION PROGRAM

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TWENTY-FIFTH ANNUAL WINTER MEETING,

December 28-29, 1972, Toronto, King Edward Sheraton Hotel, held in conjunction with the Allied Social Science Associations' meetings. The program, arranged by President Benjamin Aaron, will be announced in the IRRA Newsletter in September.

ANNUAL SPRING MEETING,

May 3-6, 1973, Pan-American Regional meeting held jointly with the International Industrial Relations Association (IIRA) in Jamaica. President-Elect Douglas Soutar will announce his program in the March Newsletter in 1973.

FUTURE IRRA ANNUAL MEETINGS (with ASSA):

Dec. 28-29, 1973—New York
Dec. 28-29, 1974—San Francisco
Oct. 3-4, 1975—Dallas
Sept. 17-18, 1976—Atlantic City
Dec. 28-29, 1977—New York
Aug. 29-30, 1978—Chicago

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PROCEEDINGS OF THE TWENTY-FOURTH ANNUAL WINTER MEETING,

December 27-28, 1971, New Orleans (May 1972)

PROCEEDINGS OF THE 1972 ANNUAL SPRING MEETING,

May 5-6, Salt Lake City (Publication August 1972)

IRRA MEMBERSHIP HANDBOOK

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