

**Industrial Relations  
Research Association**

**PROCEEDINGS OF THE  
1965 SPRING MEETING**

**Buffalo, New York  
May 3 and 4, 1965**

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**Edited by Gerald G. Somers**

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# Industrial Relations Research Association

## Spring Meeting

May 3 and 4, 1965

Buffalo, New York

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IRRA 1965 Spring Meeting

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**PREFACE**  
**to the**  
**Industrial Relations Research Association**  
**Spring Meeting Proceedings**

The Association's Spring Meeting in Buffalo was devoted to current problems of employment, unemployment, unionism and political activity, as well as a general review of the role of the behavioral sciences in analyses of collective bargaining. The latter topic has long been an area of research and discussion among members of the IRRA.

The two sessions focussing on the labor market were concerned with policy measures for increasing the total volume of employment opportunity in addition to specific policies designed to reduce the unemployment of particular groups and areas. Special emphasis was placed on the current efforts to bring about greater employment opportunities for Negroes. The session on this topic appraised the progress to date in the implementation of equal employment practices, and evaluated current problems and future prospects in this field.

In the session devoted to the study of trade unions, the participants discussed labor's role in political activity. The principal paper in this session covered theoretical and practical bases for an active and effective role in politics; and these views were evaluated by academic and union personnel. The discussion of collective bargaining was based on a paper by a leading industrial sociologist, in which he analyzed the contributions to be made by the behavioral sciences in providing a theoretical and practical understanding of labor-management relations. The paper was discussed by two economists who have specialized in collective bargaining theory.

The Association is indebted to Professor Alton Bartlett, of the State University of New York at Buffalo, chairman of the local arrangements committee. We also wish to acknowledge the assistance of other members of committee: Thomas Colosi and Samuel Sackman of the Federal Mediation and Conciliation Service, James Sherman and Joseph Shister of the State University of New York at Buffalo.

As in previous years, we are grateful to Commerce Clearing House, Inc. for making these *Proceedings* available to our members.

Gerald G. Somers, Editor

# Equal Employment Opportunities: Problems and Prospects

By RAY MARSHALL\*

University of Texas

UNEQUAL EMPLOYMENT OPPORTUNITIES have always been important to Negroes and other minorities but assumed added significance for other groups during the 1950s and 1960s as the civil rights movement became more militant and sought to expand the Negro's economic as well as his political and social opportunities. Although the civil rights ferment has involved some economic costs to various groups, the absence of equal employment opportunities has also been very costly. In terms of aggregate losses from discrimination, the Council of Economic Advisers estimated in September 1962 that racial discrimination in employment might well cost as much as \$13 billion a year<sup>1</sup> and the National Urban League estimated the direct national income loss in 1963 at \$14.3 billion and the indirect loss at an additional \$13.7 billion.<sup>2</sup> Of course, inequalities are due to factors other than discrimination and the costs of discrimination cannot be put in dollar terms alone. Nevertheless there can be little question that the economic magnitude of this problem is not only significant but probably also is responsible for many of the noneconomic racial problems.

This paper will review the main patterns of nonwhite employment, discuss some of the public policy problems involved in trying to change these patterns and outline the prospects for changes in Negro employment patterns.

## Negro Employment Patterns

Although an increasing proportion of nonwhites are in the white collar and skilled categories, nonwhites are still concentrated dispro-

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\* The author is indebted to the Ford Foundation for a grant to support the research upon which this paper is based.

<sup>1</sup> United States Congress, 88th Cong., 2d Sess., Joint Economic Committee, 1964 *Joint Economic Report*, Senate Rept. No. 931, p. 61.

<sup>2</sup> Defined as the "... amounts which the nation pays out to help support the dependent Negro who, were he not denied equal opportunity, would be self-supporting. They are the amounts which the nation pays out for a higher-than-necessary crime rate, for the support and rehabilitation of blighted housing areas, for needless property damage created by racial violence, and for a host of equally expensive situations which would not exist except for race discrimination." National Urban League, *Industry's Most Underdeveloped Resource*, New York.

portionately in the less skilled and service occupations. Nonwhite females occupy a relatively better position and have been upgraded faster than nonwhite males. In the professional and technical category, for example, nonwhite females were 4.6 per cent of employed women in 1940 and 6.8 per cent in 1962; the comparable figures for nonwhite males were 3.1 per cent and 3.5 per cent. Table 1 shows the proportion of nonwhite males to total male employment in each category and shows that nonwhites increased their proportion in every category between 1940 and 1944, but declined in every category except craftsmen, foremen and kindred workers when the war was over.

During the 1950s and 1960s, pressure from the civil rights movement,

channeled through the government contract committees, the courts, and, more recently, the National Labor Relations Board, has caused formal job segregation to be eliminated in major firms in the auto, steel, aircraft, petroleum refining, pulp and paper, meat packing, tobacco, rubber, chemical and electrical equipment industries. In spite of these formal changes, however, declining production worker employment in many of these industries and the testing and upgrading procedures adopted when seniority rosters were desegregated have limited the number of Negroes who have actually been transferred or promoted. Additionally, many Negroes are unqualified for promotion because it was not expected that they would be promoted

**TABLE 1**  
**Proportion of Nonwhite to Total Males in Each Occupational Group 1940-1962<sup>1</sup>**

	1962	1959	1952	1950	1948	1944	1940
Total employed men	9.2	9.2	8.9	8.3	8.4	9.8	9.0
Professional, technical and kindred	3.5	3.0	2.5	2.6	2.6	3.3	3.1
Mgrs., officials and proprietors, except farm	2.5	1.5	1.6	1.9	1.8	2.1	1.5
Clerical and kindred workers	8.1	6.5	3.4 <sup>2</sup>	2.8 <sup>2</sup>	2.3 <sup>2</sup>	2.8 <sup>2</sup>	1.6
Sales workers	2.5	1.8					1.4
Craftsmen, foremen and kindred workers	4.4	4.2	4.0	3.9	3.7	3.6	2.7
Operatives and kindred workers	11.4	10.7	10.4	8.5	10.1	10.1	6.1
Private household	N.A.	37.7	31.6	51.3	53.7	75.2	61.8
Service, except private household	20.7	20.6	21.7	21.4	20.7	21.9	17.4
Laborers, except farm and mine	27.6	29.5	26.9	21.4	23.6	27.6	21.2
Farmers and farm mgrs.	8.5	8.2	10.7	10.5	9.8	11.0	13.1
Farm laborers and foremen	24.9	24.0	16.2	19.8	15.8	21.1	22.5

<sup>1</sup> April of selected years.

<sup>2</sup> Includes sales 1944-1952.

Source: United States Bureau of the Census.

when they were hired for unskilled work. Clearly, therefore, there will not be much upgrading in these industries in spite of the formal changes, unless new and better qualified Negro workers are hired. Moreover, there has been very little change in the job patterns in the construction trades in the South even at the formal level.

### **Federal Employment**

Mainly because of their increasing political power, Negroes have had relatively good employment opportunities in government jobs. The nonwhite proportions of all government employees were:

1940	5.6 per cent		
1956	9.7	1961	11.4 per cent
1960	10.7	1962	12.1

Source: United States Department of Labor, *The Economic Situation of Negroes in the United States*, Bulletin S-3 1962, p. 8.

Nevertheless, a 1961 survey of federal employment by the President's Committee on Equal Employment Opportunity (PCEEO) revealed that although Negroes held 8.9 per cent of the Classification Act or similar positions, 72 per cent of their jobs were in the lower GS-1 through GS-4 classifications, with starting salaries between \$3,185 and \$4,985, while only 35 per cent of all employees were in these low categories. Although 50 per cent of all federal employees were in the GS-5 through GS-11 classifications, with starting salaries ranging between \$4,345 and \$9,640, only 27 per cent of Negroes were in these categories. And Negroes held only

1 per cent of the GS-12 through GS-18 (\$8,955 to \$18,500) positions.<sup>3</sup>

Since this survey, however, the federal government has undertaken to improve Negro job opportunities. Between 1961 and 1963 total Negro employment increased by 6.8 per cent and the number of Negroes in the higher classifications increased much faster than the totals in those classifications. Between 1961 and 1962, the number of Negroes in GS-5 through 11 jobs increased by 19.2 per cent as compared with a total increase of 2.4 per cent and Negroes in GS-12 through 18 jobs increased by 35.6 per cent while the total rose by only 9.5 per cent. This trend has continued in subsequent years.<sup>4</sup>

Of course, because relatively few Negroes are in the higher classifications, the Negro percentage increases look more impressive than the absolute numbers involved. Between 1962 and 1963, for example the absolute increases in Negro employment were as follows:

GS-12 through GS-18, 545.

GS-5 through GS-11, 4,278.

Wage board jobs paying over \$8,000, 183.

### **Federal Contractors**

The PCEEO's compliance review program also makes some information available concerning Negro employment by federal contractors. The 1962 survey found that Negroes held 6.3 per cent of the 4.2 million jobs reported by some 10,000 federal contractors, but only 1.3 per cent of the white collar jobs. Moreover, it was

<sup>3</sup> Report of the President's Committee on Equal Employment Opportunity, 1963, p. 34.

<sup>4</sup> Negroes constituted 17 per cent of the total increase in federal employment between 1961 and 1962 and 22 per cent of the increase between 1962 and 1963. In 1963

there were 302,000 Negro employees in the federal service. Between 1962 and 1963 Negroes increased their proportion of GS-5 through 11 jobs by 14.7 per cent while the total increased by 5.1 per cent and by 38.7 per cent in GS-12 through 18 jobs as compared with a total of 12.4 per cent.



found that colleges and universities accounted for 49 per cent of the 10,000 white collar jobs held by Negro women and 30 per cent of the 11,000 white collar jobs held by Negro men. Although 34.5 per cent of all male blue collar workers were in the skilled categories, only 9.3 per cent of Negro males were in these categories; 6.1 per cent of white and 4.8 per cent of Negro females were in the skilled categories.

The compliance review surveys indicate a small improvement in the Negro's employment status since 1962. In 4,610 identical units filing reports in 1962 and 1963, Negroes increased their proportions as follows:

	1962 <i>per cent</i>	1963 <i>per cent</i>
All occupations	6.4	6.5
White collar	1.2	1.3
Blue collar	9.7	9.8

Between 1962 and 1964 there were 4200 identical reporting units, which reported 6.6 per cent Negroes in 1962 and 6.7 per cent in 1964. During this period total employment increased by 2.9 per cent and Negro employment rose by 4.9 per cent. Negroes held 1.4 per cent of white collar jobs in 1962 and 1.7 per cent in 1964. Total white collar employment increased by 8 per cent between 1962 and 1964, and Negro white collar employment rose by 30.9 per cent.

The 1964 survey also revealed that Negro females had much better representation in white collar categories than Negro males. For example, 1.6 per cent of Negro males and 6 per cent of Negro females were in the professional category and 1 per cent of Negro males and 6.9 per cent of Negro females were in the technical categories. Negro males constituted 6.9 per cent of total male employment

in the 1964 reporting units and Negro females constituted 6.2 per cent of total female employment, but Negro females constituted 5.1 per cent of female professionals and 9.7 per cent of female technical employees. Negro males were 1 per cent of male professionals and 2.1 per cent of male technical employees.<sup>5</sup>

### *Income and Participation Rates*

Although there has been some improvement in nonwhite occupational levels in the postwar period, the evidence suggests that much of this improvement has come from migration and forces which also affect whites and not because of significant changes in the factors influencing the Negro's job patterns themselves. Indeed, although there has been considerable improvement in the Negroes' relative family income position since 1939, their position relative to whites deteriorated in the 1950s and 1960s. The median nonwhite family income relative to whites reached a postwar high of 56.8 per cent in 1952 but declined to 51.2 per cent in 1958 and 53 per cent in 1962. There has at the same time, however, been a rather steady improvement in the absolute income of nonwhites. The median wage or salary income of nonwhite males 14 years of age or older who were employed full-time increased from \$639 a year in 1939 to \$2,831 in 1955 and \$3,799 in 1962. Relative to white males, these nonwhite incomes were 45 per cent of whites in 1939, 64 per cent in 1955, 67 per cent at the relative postwar high in 1960 and 63 per cent in 1962. The percentages of nonwhite to white males ranged from 61 per cent to 67 per cent in the 1955-1962 period.

We do not, however, know all of the factors responsible for these changes

<sup>5</sup> 1964 figures from personal interviews, PCEEO, Washington, November 1964.

in relative income positions. Clearly, the major causes of improvement in the Negroes' income have been their migration out of the rural South, declining racial barriers, better training, and improved education. The forces causing the deterioration in nonwhite incomes relative to whites include the declining relative participation rates of nonwhite males (who have higher incomes than nonwhite females) and the nonwhites' higher rates of unemployment (again with a worsening of the nonwhite male's relative position).

The civilian labor force participation rates in 1962 were 60.0 per cent for nonwhites and 56.1 per cent for whites, but the nonwhite male participation rate (76.4 per cent) was *lower* than the white male rate (78.6 per cent), while the nonwhite female rate (45.6 per cent) was much higher than the white female rate (35.6 per cent). The participation rates for both nonwhite males and females was higher in 1948 (84.8 per cent and 44.4 per cent) than the rates for whites (84.2 per cent and 30.6 per cent).

### *The Problem of Unemployment*

The deterioration in the nonwhite employment picture after 1953 is indicated by the following unemployment rates:

	White	Nonwhite
1951	2.8 per cent	4.8 per cent
1953	2.3	4.1
1955	3.6	7.9
1957	3.9	8.0
1959	4.9	10.7
1961	6.0	12.5
1963	5.1	10.9

Source: United States Department of Labor, Bureau of Labor Statistics.

Nonwhite unemployment rates also are higher, though by varying amounts, for every major occupational category. The unemployment rates of Negro males has been over twice the rate of white males since 1954, while the nonwhite female unemployment rate has never been twice the white female rate. Nonwhite males have also increased their proportion of the long-term (27 weeks and longer) unemployment from 16.6 per cent to 18.4 per cent between 1957 and 1963.<sup>6</sup>

With respect to long-run industry trends, there apparently has been no relationship between changes in Negro female and total employment, but "in expanding fields Negro male employment has tended to grow at a faster rate than white male or total employment. . . . Even in slowly growing fields the employment of Negro men has nevertheless tended to increase at a faster rate than total employment of that of white men. . . . In rapidly declining fields, however, employment of Negro men has tended to decline more rapidly than that of white men both nationally and in the South."<sup>7</sup> Negroes obviously would gain relatively from sustained growth as well as full employment.

In recent years, nonwhite unemployment rates seem to vary at about twice the total rate, whether the latter is rising or falling. Moreover, as Table 2 indicates there is considerable variation in the nonwhite-white unemployment rates by occupation. The relative positions of nonwhite farm laborers and foremen, craftsmen and foremen, and clerical and sales workers improved between 1955 and 1962 while the positions of the other groups declined.

<sup>6</sup> *Manpower Report of the President*, 1964, p. 201.

<sup>7</sup> Dale E. Hiestand, *Economic Growth and Employment Opportunities of Minorities*, New York Columbia University Press, 1964, pp. 110-111.

Nonwhite unemployment rates relative to whites has varied mainly because of the business cycle since 1956. Selecting years of relatively low unemployment, Gordon<sup>8</sup> found that nonwhite unemployment had not increased relative to total unemployment or as a proportion of unemployment since 1956. Nonwhites constituted 21.5 per cent of national unemployment in 1956 and 21.2 per cent in 1963, and the ratio of white to nonwhite unemployment was 1.98 in 1956 and 1.91 in 1963.

### Negro Education

Negroes also have been disadvantaged because of inadequate education and training. The importance of education is seen in the fact that the ratio of nonwhite to white income increases with the level of education. In 1961, for example, the median incomes of

nonwhite heads of families with less than eight years of schooling was only 58 per cent of that of nonwhites with the same amount of education, but was 84.5 per cent of whites for nonwhite heads of families who had four or more years of college.

Although only 25 per cent of whites, but 46 per cent of nonwhites in the 18-24 age bracket had not completed high school in 1962, between 1952 and 1962, there was a significant decline in the proportion of nonwhites who had less than five years of education (from 26.7 per cent to 15.5 per cent) and a marked increase in the proportion attending high school (from 34.1 per cent to 44.2 per cent). Median nonwhite education lagged 3.8 years behind whites in 1952 and 2.6 years in 1962.

TABLE 2  
Unemployment Rates of Experienced Workers<sup>1</sup>  
By Color and Major Occupation Group  
1955 and 1962

Major occupation group	White		Nonwhite		Nonwhite as per cent of white	
	1962	1955	1962	1955	1962	1955
All occupation groups <sup>2</sup>	4.9	3.5	11.0	7.7	224	208
Clerical and sales workers	3.8	3.2	7.7	7.0	203	219
Craftsmen and foremen	4.8	3.9	9.7	8.8	202	226
Operatives	6.9	5.5	12.0	8.4	174	153
Private household workers	3.1	3.0	7.1	5.6	229	187
Other service workers	5.3	5.2	10.8	8.8	204	169
Farm laborers and foremen	3.9	3.0	5.8	6.3	149	210
Laborers, except farm and mine	11.0	9.8	15.8	12.1	144	123

<sup>1</sup> The base for the unemployment rate includes the employed, classified according to their current jobs, and the unemployed, classified according to their latest civilian job, if any; excludes the unemployed persons who never held a full-time civilian job.

<sup>2</sup> Includes the following groups not shown separately: professional and technical workers; managers, officials, and proprietors; and farmers and farm managers.

Source: "Economic Status of Nonwhite Workers, 1955-62," *Monthly Labor Review*, July 1963, United States Department of Labor, Bureau of Labor Statistics.

<sup>8</sup> R. A. Gordon, "Has Structural Unemployment Worsened," *Industrial Relations*, May 1964, p. 17.

These statistics do not tell the whole story, however, because it is well known that Negro education has been greatly inferior to that of whites in the South and, according to the 1964 *Manpower Report of the President*, "... Although Negro students in the North receive a better education generally than Negroes (and many whites) in the South, their education still tends to be inferior to that of the northern white students with whom they will later compete for jobs."<sup>9</sup>

Negroes also are disadvantaged because at the same level of education they have much more difficulty being absorbed into the labor force. Of the white high school graduates who last attended school in 1959, for instance, only 5.3 per cent remained out of work 2.5 years after graduation as compared with 14.5 per cent of non-white high school graduates. Of the 1959 dropouts, 10.2 per cent of the whites and 18 per cent of the non-whites were unemployed two years later.<sup>10</sup> Thus nonwhite high school graduates had more trouble being absorbed by the labor force than white dropouts.

The Negroes' inadequate vocational and apprenticeship training also tends to perpetuate their employment in traditional jobs. The pattern in the South has been to have segre-

gated vocational schools where Negroes were trained only for traditional occupations. While there are some excellent Negro vocational training schools associated with Negro colleges, many Negroes are barred from these programs because they are not high school graduates and from apprentice programs because of discrimination.

Apprenticeship training is important because vocational training alone has rarely given students sufficient practical and theoretical training to equip them to become well-rounded craftsmen. A survey of training by the United States Department of Labor in 1963 found that 16.6 per cent of the 1.4 million workers taking formal training were in apprenticeship programs. The Labor Department's survey thus suggests that there were over 232,000 workers taking apprenticeship training, which is a much larger number than previous estimates had indicated.<sup>11</sup> The Labor Department survey also found that 35.3 million (or 55 per cent) of the persons in the civilian labor force 22 to 64 years of age had taken some formal training and of these apprenticeship training accounted for 8.2 per cent. Although apprenticeship training was not very important for many occupations, it accounted for the following proportions of the trades indicated:

	Total no. taking formal training (thousands)	Per cent taking apprenticeship training
Compositors and typesetters	171	30.6
Construction craftsmen	2,708	43.9
Linemen and servicemen, telegraph telephone and power	260	36.8
Machinists	732	34.9
Meat cutters	132	56.1

Source: *Manpower Report of the President*, 1964, Table F-9, p. 256.

<sup>9</sup> P. 99.

<sup>10</sup> Statement of Samuel Ganz, Assistant Director for Manpower and Automation Research, Office of Manpower, Automation and Training, United States Department of Labor to the United States Senate Sub-

committee on Employment and Manpower of the Committee on Labor and Public Welfare, September 10, 1963.

<sup>11</sup> *Statistical Abstract of the United States*, 1964, p. 230.

Although statistics are not available on the proportion of nonwhites in the Labor Department's training survey, it is doubtful that more than 3 or 4 per cent of these apprentices were Negroes.

### Retraining Programs

The Manpower Development and Training (MDTA), Area Redevelopment (ARA) and Poverty (EOA) programs offer some hope for improving the lot of minority groups. Although not as many nonwhites as whites were being trained for the higher-paying jobs in 1963, Table 3

reveals that nonwhite representation was higher in the MDTA clerical, sales, skilled and semiskilled categories than the nonwhite employment distribution. The proportion of nonwhites in training under the MDTA program was about twice their representation in the workforce and about equal their proportion of the unemployed.

Nevertheless, the MDTA and ARA programs have certain limitations from the standpoint of improving Negro employment opportunities. The programs are administered in cooperation with the states and the requirement that programs be integrated appar-

**TABLE 3**  
**MDTA Trainees and Total Nonwhite Employment by Occupation**

Occupational Group	Per cent		Percent Nonwhite Employment (1962)
	MDTA Trainees*	Nonwhite	
	100.0	100.0	100.0
Professional, managerial	8.6	7.9	7.9
Clerical, sales	23.0	19.0	8.8
Skilled	30.8	26.9	6.0
Semiskilled	25.4	29.6	19.9
Service	10.2	14.2	32.8
Other	2.0	2.3	24.6

\*June 1963

Source: Statement by Seymour Wolfbein, Dep. Manpower Administrator, United States Dept. of Labor before Senate Subcommittee on Manpower and Employment, June 6, 1963.

ently has restricted the participation of several southern states with large Negro concentrations. In 1961, for instance, the most ambitious single ARA plan undertaken in its first two years, a program to train some 1,200 equipment operators in the Yazoo Delta of Mississippi, where over 50 per cent of the males were unemployed, had to be cancelled for this reason. And Louisiana refused to cooperate for the first two years of the program.<sup>12</sup>

In addition, very few Negroes have actually been trained under these programs. As of September 30, 1964 Negroes accounted for 27 per cent of the 84,000 trainees who had been enrolled in MDTA training programs. Of this number, however, only 45,000 trainees had completed the training programs and only 70 per cent of those who completed MDTA training by June 1964 had found jobs.<sup>13</sup> Although we have no information on

<sup>12</sup> Statement by Sar Levitan, "Training Under the Area Redevelopment Act," to the United States Senate Employment and Manpower Subcommittee, June 7, 1963.

<sup>13</sup> Letter to the writer from Howard Rosen, Assistant Director for Manpower and Automation Research, United States Dept. of Labor, Nov. 13, 1964.

the placement of Negroes, if we make the unlikely assumption that Negroes had the same placement rate as whites, not more than 8,505 of those who had completed training by June 1964 could have received jobs, which makes a very slight impact indeed on 750,000 nonwhites who were unemployed. We should note, however, that the MDTA program is still too new and the numbers involved too limited to permit an evaluation of its impact on Negro employment.

### Placement Experience

Nonwhites also have had more difficulty getting placed than whites when they complete retraining.<sup>14</sup> The Labor Department's 1963 training survey also found that the following proportions of trainees never used their formal job training:

	Males	Females
Nonwhites	34 per cent	26 per cent
All workers	20	16

Only 43 per cent of nonwhites, but 60 per cent of all workers, were using their training on their current jobs.<sup>15</sup>

### PUBLIC POLICY PROBLEMS

There has been a noticeable increase in public policy measures against racial discrimination in employment since the 1930s, especially the various government contract committees created by every President since the New Deal, the FEP laws passed in most non-Southern states and a num-

ber of municipalities, court rulings and NLRB decisions which require unions to represent Negroes fairly, and the Civil Rights Act of 1964. Since these measures have been discussed a great deal and their uses and limitations are relatively well known, we can limit our observations to some of their more controversial aspects.<sup>16</sup>

### Compulsory v. Voluntary Nondiscrimination Plans

Although they are sometimes viewed as competitive, compulsory nondiscrimination measures tend to induce and strengthen voluntary programs. Consider the PCEEO's "plans for progress" (PFP) for example. These plans originated in May 1961, and of 91 companies reported on as of July 1963, total employment had increased by 12.4 per cent and nonwhite employment 14.7 per cent, or by 27,180 employees.<sup>17</sup> Moreover, PFP companies increased their employment by 60,000 between September and November, 1963, and 25 per cent of these were nonwhites. In comparable periods before the PFP program, nonwhite employment would have increased by about 3 per cent.<sup>18</sup> These job increases are important when it is considered that numerous court cases and government contract committee hearings were required to cause about 300 Negroes to be upgraded or transferred in the Southern petroleum refining industry between 1953

<sup>14</sup> George P. Schultz, "The Fort Worth Project of the Armour Automation Committee." *Monthly Labor Review*, January, 1964, p. 56.

<sup>15</sup> *Manpower Report of the President*, 1964, p. 70.

<sup>16</sup> See Paul Norgren and Samuel Hill, *Toward Fair Employment*, New York Columbia University Press, 1964; Ray Marshall, *The Negro and Organized Labor*, Wiley, New York, 1965.

<sup>17</sup> Employment of salaried workers increased by 13.8 per cent, but nonwhite employment in these categories increased by

23.5 per cent. Of these nonwhite salaried employees, 3,266 were placed in management, professional, sales, and technical jobs and 2,884 as clerical and office employees. The increase in nonwhite hourly employment was distributed as follows:

Craftsmen	1,964	Service	971
Operatives	17,557	Laborers	538

(Report to the President, The President's Committee on Equal Employment Opportunity, November, 1963, p. 116.)

<sup>18</sup> PCEEO, Committee Reporter, November 1963.

and 1960. Moreover, as a result of the demonstrations at New York construction sites, as a result of which hundreds were arrested, 3,121 persons were screened and 27 were actually admitted to journeyman status or allowed to enter apprentice programs.<sup>19</sup>

We should not conclude, however, that the voluntary programs by themselves would have produced these results. It is significant that the "voluntary" plans came at a time of increasing militancy by civil rights groups. Equally significant, all but one of the 35 largest government defense contractors in 1962 were among the first 91 companies to sign plans for progress! Indeed, defense contracts accounted for over half of the total sales for 17 of these 35 largest companies in 1962.<sup>20</sup>

On balance, however, there is no evidence that a purely compulsory anti-discrimination program can be more effective than a "voluntary" program with sanctions as an ultimate threat. It is unlikely that much change will come about simply by meeting the letter of a civil rights law. There are too many ways to lawfully avoid making important changes in Negro employment. Really significant changes are likely to be caused by a favorable economic environment plus affirmative action which goes beyond the requirements of law. The laws are thus probably necessary, but not sufficient requirements for major employment changes, and voluntary programs can influence areas beyond the reach of the law.

### **The NLRB**

The National Labor Relations Board traditionally has been much more cautious than the courts in interpreting and applying its power to prevent

discrimination. Before 1964, the Board had declared that "neither exclusion from membership nor segregated membership per se represents evasion on the part of a labor organization of its statutory duty of 'equal representation.'" <sup>21</sup> The Board's caution undoubtedly was dictated by the repeated refusal by Congress to give it specific authority to deal with racial discrimination.

In a number of recent decisions, however, especially the 1964 *Hughes Tool* decision,<sup>22</sup> the Board has made an important departure, which, if sustained by the federal courts, could have important consequences for discrimination in employment. Specifically reversing previous NLRB decisions, the Board ruled for the first time in *Hughes Tool* that a violation of the duty of fair representation is also an unfair labor practice. Previously, the NLRB had interpreted its authority in such cases as limited to the relatively weak and rarely used penalty of revoking a union's certification. Although the Board's interpretation in this case is of doubtful validity in view of Congress' past refusal to give it the power which it has assumed, if the Supreme Court agrees that the union's violation of its duty of fair representation is also an unfair labor practice, the Board can issue cease and desist orders enforceable in the federal courts. The *Hughes Tool* theory would in effect give the aggrieved person an administrative remedy for the duty of fair representation, making it no longer necessary for him to seek relief in the courts. Relying on the *Hughes Tool* doctrine, the Board ruled in 1964 that a Rubber Workers' local in Gadsden, Alabama had committed an unfair labor practice by

<sup>19</sup> *New York Times*, December 14, 1964.

<sup>20</sup> United States Senate, Subcommittee on Manpower and Employment, *Hearings*

on the Nation's Manpower Revolution, Part 9, 1963, pp. 3134-3145.

<sup>21</sup> NLRB, *Tenth Annual Report*, 1945, p. 18.

<sup>22</sup> 147 NLRB No. 166, CCH NLRB ¶ 13,250.

refusing to process grievances against job discrimination and segregated plant facilities.<sup>23</sup>

### **The Civil Rights Act of 1964**

Title VII of the Civil Rights Act of 1964 bans discrimination in employment because of race, color, religion, national origin or sex. Title VII will become effective one year after July 2, 1964, and covers unions and enterprises in industries affecting commerce, including employment agencies, union hiring halls, employers with 100 or more employees, and unions with 100 or more members. By 1968, minimum coverage will be reduced to 25 employees or members. The Act is administered by a bipartisan Equal Employment Opportunities Commission (EEOC) established to investigate and adjudicate complaints.

### **Evaluation**

Although the Civil Rights Act could have important effects on employment in the South, it is likely to have limited effect elsewhere, because most states with large Negro populations outside the South have FEP laws which will supersede the CRA. Moreover, the *Hughes Tool* doctrine, if sustained by the Supreme Court, in many ways gives more effective relief for unionized employees than the CRA. With all of the uncertainties of the EEOC procedures, an aggrieved individual would probably get faster relief through the NLRB, which does not have to wait until the summer of 1965 or 1968 to take action. If the *Hughes Tool* doctrine is not sustained, however, the Board's power would be limited to the revocation of certification, which is not a very potent remedy.

Although there is some fear that antidiscrimination laws interfere with

rational business decisions, the Civil Rights Act erects a number of safeguards to protect the interests of those charged with discrimination. Section 706 (g) provides that a federal district court can enjoin respondents only if it finds that they have "intentionally engaged . . . in an unlawful employment practice charged in the complaint." Section 703 (h) provides that it shall not be unlawful for an employer to use seniority, merit or testing systems in order "to apply different standards of compensation, or different terms, conditions or privileges of employment" where these are not intended or designed to be used for discriminatory practices forbidden by the Act. Although the Act specifically protects employers from such abuses as are alleged to have happened in the Illinois *Motorola* case,<sup>24</sup> the question of the validity of tests for the selection and advancement of employees is likely to remain a controversial matter because they have an important bearing on the extent to which Negroes gain better jobs. At the same time, however, employers are likely to insist that tests be used to keep unqualified Negroes from being hired or promoted and to allay the fears of white workers that a flood of Negro workers will threaten the positions of white workers.

In spite of these guarantees, however, one of the major areas of controversy in the future will likely involve measures to protect respondents from unfair pressures from civil rights organizations. These organizations will probably become regulated by provisions similar to those regulating labor organizations. Regulations probably will apply to picketing, boycotts, and other pressures.

<sup>23</sup> *Local 12, United Rubber Workers and Business League of Gadsden*, 150 NLRB No. 18, 1964 CCH NLRB ¶ 13,655.

<sup>24</sup> *Myart v. Motorola, Inc.*, 51 LC ¶ 51,323 (Ill. Cir. Ct. 1965).



## ***Preferential Treatment for Disadvantaged Minorities***

Some civil rights groups advocate that minorities be given preferential treatment to compensate for the cumulative influences of discrimination. These demands are based upon the realization that even with nondiscriminatory employment policies, Negroes would not be able to change their employment patterns very rapidly.

Although preferential treatment is usually condemned by employers, union leaders and most government agencies, it has been surprisingly common. Indeed, federal agencies sometimes have sanctioned quota systems and have at least left the impression that government contractors are expected to give preferential treatment to minorities. For example, in the Labor Department's 1963 apprenticeship training standards, it is specified that one non-discriminatory policy that can be adopted is "The taking of whatever steps are necessary, in acting upon application lists developed prior to this time, to remove the effects of previous practices under which discriminatory patterns of employment may have resulted." Although the standards specifically bar quota systems, construction union critics of these standards insist that they contemplate preferential treatment in the selection of nonwhites.

Some employers also argue that the PCEEO's standards for compliance strongly imply that preferential treatment should be given nonwhites in order to improve the manpower profiles which they are required to submit annually as "proof of affirmative action." It would also be very unlikely that in the absence of special treatment nonwhite blue collar employment by government contractors would have increased, while total blue collar employment was declin-

ing. In addition, companies signing Plans for Progress with the PCEEO agree to "vigorously seek qualified minority group applicants for all job categories, and will make particular efforts to increase minority group representation in occupations at the higher levels of skill and responsibility." During the construction of the National Aeronautics and Space Administration's Michoud plant in New Orleans, one of the prime contractors, the Boeing Co., announced in 1963 that it was importing Negro craftsmen from the North because it was bound by its government contract to "maintain balance between the races." The PCGC also checked on quota systems to determine whether discrimination existed in Atomic Energy Commission construction work in Tennessee.

## ***The Legality of Preferential Treatment of Minorities***

Although quota systems seem to have been specifically banned by most state antidiscrimination commissions and by the NLRB, the Civil Rights Act of 1964 is not clear with respect to the legality of these practices. The Act merely declares that preferential treatment and quota systems are not required by Title VII. Presumably preferential treatment would be legal, though not required. However, in order to be consistent with other provisions of the Act, preferential treatment which discriminates against whites presumably would be unlawful, but preferential treatment which does not deprive whites of established rights would probably be lawful.

The NLRB's recent decision in the *Brownsville ILA* case dealt with the legality of a racial quota system. In this case, which involved Locals 1367 (white) and 1368 (Negro) of the International Longshoremens' Association in Brownsville, Texas, the NLRB

ruled that by maintaining a quota system which distributed work 75-25 among Locals 1367 and 1368 "based on race and union membership" and by prohibiting Negro and white gangs from working together, the South Atlantic and Gulf Coast District of ILA and Local 1367 "failed to comply with their duty as exclusive bargaining representative to represent all employees in the bargaining unit fairly and impartially and thereby violated Section 8 (b)(1)(A) of the Act."<sup>25</sup> The Board's majority relied upon their reasoning in the *Hughes Tool* case.

### **Conclusions on Preferential Treatment**

Preferential treatment for Negroes is opposed, of course, because it might discriminate against whites. But *special* programs for Negroes need not take the form of quota systems and need not deprive whites of existing rights. For example, employers and unions who have not recruited among Negroes in the past and who have no Negro employees or members might make special efforts to recruit Negroes or to help them acquire training. This would be special treatment to include Negroes in the recruitment pattern, but it would not be preferential treatment because it would extend to Negroes benefits which whites already enjoy.

Preferential treatment of Negroes can also be conducted in such a way as not to deprive whites of existing rights. For example, if a Negro and a white applicant were about equally qualified, it would be preferential treatment if the Negro were hired but in this case the white applicant was not deprived of pre-existing rights. Of course, what most critics apparently have in mind is the form of preferen-

tial treatment where Negroes are hired regardless of their qualifications (present or potential) where more qualified whites are available, or where Negroes actually displace whites. The latter form of preferential treatment understandably leads to racial unrest. Racial quota systems could be defended in the South during the Second World War when racial discrimination made it unlikely that Negro craftsmen would otherwise get jobs. But with public policies to prevent discrimination, quotas are hardly defensible. However, a stronger case can be made for special affirmative measures to break the pattern established by past discrimination.

### **The Prospects**

Although it is not possible to strike a precise balance between them, some of the current trends clearly stimulate and others retard the Negro's income and employment position. The favorable factors include:

(1) The improvement in the Negro's political power as he migrates out of the rural South. Although this process will continue, it will be relatively less important in the future because only about 10 per cent of the nonwhite work force remains in farming. At the same time, however, the prospects are that the Negroes' political power will continue to increase because of their increasing voting rights and other changes in the South. As a result, Negro employment by Southern state and local governments probably will increase relatively rapidly in the next 20 years and will continue to increase rapidly at the skilled and white collar categories of employment by the federal government and its contractors. Perhaps Negroes who acquire experience in the federal serv-

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<sup>25</sup> *Local 1367, ILA*, 148 NLRB No. 44, 1964 CCH NLRB 13,400.

ice will be able to move into better jobs in the private sector.

(2) One of the most optimistic features of the recent racial employment experience has been the apparent commitment by the nation's major employers to equalitarian practices. In part this is because employers have been freed by public policies from social pressures which perpetuate job discrimination. But the employers' commitment also is due to a growing realization that the mood of the Negro community is such that demonstrations and pressure on the federal government will continue until racial barriers are lowered. The Southern business community has belatedly responded to these civil rights pressures and is using its considerable influence to moderate the extremists. To a considerable extent, however, these changes also result from the growing industrialization of the South, which tends to draw the South increasingly into the mainstream of the American economy.

(3) The civil rights movement has strengthened equalitarian forces within the labor movement and has caused racial matters to have much higher priority in the AFL-CIO than they had in either the CIO or the AFL. Antidiscrimination legislation makes it easier for the AFL-CIO Civil Rights Department to fight discrimination within the labor movement, and the federation's civil rights machinery has been invigorated since 1960. Negro union members also have become better organized to promote their own interests within the unions. It can be expected, moreover, that the increasing power of the civil rights movement, which lessens its dependence on labor organizations will keep the pressure on discriminating unions. As a result of this pressure, such formal means of discrimination as racial bars in union constitutions and segre-

gated unions and seniority rosters have been eliminated in many cases since the Second World War. In addition, some unions have used their economic power to overcome job discrimination and the labor movement has been an important force behind civil rights legislation. The civil rights and labor movements' mutual political interests will probably continue to be a significant force for improving the Negro's economic position.

(4) The Civil Rights Act of 1964, the state antidiscrimination laws, NLRB doctrines and court decisions form an impressive array of public policy measures to combat discrimination. Since civil rights organizations have become institutionalized and need to demonstrate results in order to survive and grow in competition with each other, there can be little doubt that these public policies will be perfected as instruments to combat discrimination.

(5) The trend toward improvement in the quality and amount of education by nonwhites undoubtedly will improve the Negro's economic position. There is already some evidence, for example, that a major obstacle to increasing the number of Negroes in the professional and technical categories is the absence of qualified candidates. Federal aid and the elimination of discrimination are likely to improve the quality of the education received by Negroes in the South. Indeed, just as the Negro is currently handicapped by the cumulative effects of inferior training, education promises to be the Negro's single most important avenue of advancement.

(6) The trend towards an active manpower policy will undoubtedly help Negroes by providing better job training and improved counseling and information services. There is an obvious need, however, to coordinate antidiscrimination and manpower poli-

cies. Although the present MDTA, ARA and poverty programs have not had very much effect on Negro job opportunities, as these policies are perfected they will undoubtedly be instruments to improve the racial job patterns. A really effective labor market might even facilitate the dispersion of Negroes from the ghettos which currently exert harmful pressures on their training and employment. Clearly, however, an effective manpower policy must also contemplate the creation of jobs to fit workers as well as workers to fit projected jobs.

Counteracting these favorable factors are a number of others that will impede the rate of improvement in Negro job patterns:

(1) Although there have been some *relatively* significant breakthroughs in employment discrimination, in an absolute sense discrimination is still a very important obstacle to Negro job improvement. While measures can be taken to reduce discrimination, racial prejudices are likely to persist for a long time. Indeed, the subtle forms of discrimination resulting from the fact that whites make most employment decisions is likely to be more difficult to deal with than overt discrimination. Although in a few cases very significant changes have taken place in the last ten years, most of the breakthroughs in the skilled trades can hardly be classified as more than token changes, and it is still too early to determine whether these changes will remain in the token category or whether they will really cause significant increases in the numbers of skilled Negro craftsmen.

It is my guess, however, that efforts by Negroes to break into the building trades unions from which they have been barred, will continue to be a controversial problem for a long time. The craft union problem

is difficult because of local autonomy, nepotism, the economic power of these unions, and the members' fear that the time and resources invested in developing their crafts will be sacrificed because of preferential treatment for Negroes. This problem also is aggravated by what craft unionists conceive to be limited job opportunities which must be conserved for their members. The most effective measures to improve the Negroes' job patterns therefore are likely to be those which reassure these workers in the buffer zone between the professional and technical jobs, where there is increasing demand, and the less skilled categories where demand is static or declining and opportunities are limited for whites as well as Negroes.

(2) Another unfavorable factor for Negro employment prospects is the very great amount of effort which has been required to produce additional jobs for Negroes. The disappointing results produced by the state antidiscrimination laws were due in part to this difficulty and the misconception that lowering the racial barriers would in and of itself produce significant job changes. To a very significant extent, of course, the Negro's job problems are due to factors other than current discrimination, because if all Negroes were made white tomorrow it would be a long time before Negroes overcame the impact of their cultural disadvantages, which have caused poor work habits, inadequate motivation and ignorance of job requirements and availability.

(3) Since nondiscrimination policies have been developed and can expect to be perfected, the Negroes' job conditions in the future are likely to be conditioned more by the level of employment than by specific antidiscrimination measures. Since unemployment declines faster for nonwhites than for whites and Negro male

employment increases faster than white male employment in expanding industries, and since full employment would sweep away many of the obstacles imposed by whites to Negro employment opportunities, the most important things than can be done to promote economic opportunities for Negroes are those things which would achieve full employment and economic growth. It will, however, apparently be very difficult to keep unemployment continuously below 4 per cent any time soon. Approximately 5.6 million jobs are estimated to have been required in 1963 to reduce unemployment to 4 per cent. The actual expansion, however, was only about 1.3 million jobs, which just about offset the net increase in the labor force.<sup>26</sup> Walter Heller, estimated that in order to achieve 4 per cent unemployment by the end of 1964 the GNP would have to expand at about \$16 billion every three months. At rates of growth prevailing in 1963, he felt that it would take ten years to reduce unemployment to 4 per cent. And even if by some miracle general unemployment could be reduced to 4 per cent, under present institutional arrangements Negro unemployment rates would remain at approximately 8 per cent. Particularly

discouraging for Negro job prospects is the cumulative effects of the very high rates of unemployment among young Negroes:

Fortunately, however, antistructural, anticyclical and growth policies are compatible. If the general level of unemployment could be reduced to 4 per cent, measures to overcome structural unemployment would be greatly facilitated, making it possible to move to fuller employment without the inflation—producing bottlenecks which concern many economists.

### Conclusion

In conclusion, therefore, the Negro's prospects for equal job opportunities are good, but it means very little to get an equal share of inadequate jobs. Really significant changes in the racial job patterns will require rapid economic growth and measures to maintain full employment coordinated with active labor market policies which include antidiscrimination measures. Because these labor market, full employment, and economic growth measures must work against such important obstacles, the Negro's job position is likely to continue to improve, but very gradually.

[The End]

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## Comments on Equal Employment Opportunities: Problems and Prospects

By ROBERT B. MCKERSIE

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University of Chicago

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AT THE OUTSET let me compliment Ray Marshall for his excel-

lent portrayal of the employment status of Negroes. He has also provided a keen analysis of the problems and prospects for race relations in this country today.

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<sup>26</sup> Arthur M. Ross, *Unemployment and the American Economy*, John Wiley & Sons, New York, pp. 7, 93.

I view my task as one not so much to comment on the various points raised by Ray Marshall (the paper speaks for itself), but to elaborate on certain aspects of the race relations picture which from my vantage point seem to merit more emphasis.

In this commentary I will assume a fairly short time outlook—the next five years or so. Talking about the prospects for equal employment over the long run is a much more difficult matter. The journals are filled with prognostications that range from extremely pessimistic to extremely optimistic. For example, in a paper scheduled for publication shortly, W. Ellison Chalmers states, “The observer is forced to conclude, I believe, that the future economic status of many Negroes is uncertain. Although FEP and each of the other programs are making some contribution and can be expected to make more, neither FEP nor any of the other programs, approached alone, will place Negroes, on the average, in positions equal to the whites. There are further possibilities in massive, across-the-board approaches, but there seems little likelihood at present that such drastic modifications of present patterns will be adopted.”<sup>1</sup>

On the other hand, Alan Batchelder in the issue of *Annals* devoted to the subject of race relations concluded, “In the future, several economic forces will aid Negroes: Technological change will create new occupations free of vested interests opposing admission of Negroes. Losing unskilled labor while gaining capital, Southern urban employment and wage rates will rise, benefitting Negroes as well as whites. Government will provide nondiscrimi-

natory employment opportunities, and Negroes will utilize military training and government employment experience to find work in the private economy. Declining birth rates will reduce pressure on unskilled wages and will improve home environments of poor Negroes’ children. Negro purchasing power, concentrating in cities, will press nondiscriminatory employment policies upon employers. Negroes admitted to corporate managements will acquire experience permitting them to set up their own businesses. Most important, high-employment business stability will maintain an economic environment favoring rational—nondiscriminatory—use of the Negro potential, while every program reducing unemployment rates will make that environment even more favorable.”<sup>2</sup>

I would like to touch on: the problem of short supply, the skill and motivation problem, programs for eliminating the gap, remaining barriers, the skilled trades and the civil rights movement.

### *Problem of Short Supply*

It has become clear that in many sections of the country and for many occupations the real problem at the moment does not lie in breaking down job barriers but in supplying qualified candidates for the companies that are anxious to hire Negro employees.

One indication of this shift in emphasis can be seen in the changing tenor of discussions of this subject area at management conferences. A few years ago most personnel directors were interested in discussing such questions as: How do we introduce Negroes into a work group, how do we prepare the organization for change, etc.?

<sup>1</sup> This quotation was taken from a talk entitled, “FEP and the Civil Rights Campaigns,” by W. Ellison Chalmers, April 12, 1965.

<sup>2</sup> Alan B. Batchelder, “Economic Forces Serving the Ends of the Negro Protest,” *The Annals*, Vol. 357, Philadelphia: The American Academy of Political and Social Science, January, 1965, p. 80.

Today, the questions are more of the sort: Where do we find Negroes, how do we train them, etc.?

The pattern of barriers being eliminated and only a few people coming forward to take advantage of the opportunities is seen in all areas. For example, it has been noted that in many sections of the South after lunch counters are desegregated few Negroes frequent them.

While we might be fairly indifferent to whether minority groups take advantage of new opportunities in the area of public accommodations, we cannot be indifferent to the lack of movement into the job area.

### **Skill and Motivational Problem**

It is not surprising that Negroes are hesitant or unable to immediately fill the new opportunities. After years of deprivation they are not as well educated, experienced or motivated as others in the country. As Charles Silberman has so eloquently stated in his book, *Crisis in Black and White*,<sup>3</sup> the Negro may not have been different to begin with but he has been made so.

Even where he possesses requisite skills he may by habit of tradition, apathy, fear or ignorance remain in the traditional tracks. For instance, it has been observed that graduates of Negro colleges often prefer to take jobs with Negro insurance companies or banks rather than with large corporations.

It takes a long time for information about new opportunities to reach the Negro community. David Taylor<sup>4</sup> has been conducting a study of the unskilled labor market for Negro men. Not unlike the labor market for other occupations, in this labor market in-

formation is exchanged by word of mouth. However, the problem is that the network has little or no information about jobs and consequently the people in this culture remain isolated from the main stream of economic activity. This is one of the factors involved in the lessened labor market participation of Negro men mentioned by Ray Marshall.

The same point could be made for higher occupations. At the Graduate School of Business, University of Chicago, we have instituted a special scholarship program to encourage Negroes to study business administration and to enter upon careers in management. We have been amazed at how many Negroes in colleges just do not believe that American business really wants their services. In a very real sense the business community has an image problem and this is not quickly overcome.

### **Programs for Eliminating the Skill and Motivational Gap**

Of course, what is called for in dealing with the skill gap is a broad development program. The War on Poverty, the Man Power Development and Training Act, etc. represent just this kind of approach.

Private retraining can help immensely. I am not as pessimistic as Ray Marshall. It is true that relatively more Negroes than whites ended up working out of their chosen occupation after retraining in the Fort Worth project of Armour. In other sections of the country where occupations are more open, however, the experiences are different. If one chooses to retrain displaced packinghouse workers for "new" occupations, the results cannot be just explained in terms of the effectiveness of the retraining but

<sup>3</sup> Charles E. Silberman, *Crisis in Black and White*, New York, Random House, 1964.

<sup>4</sup> David P. Taylor, "Market for Unskilled Negro Males in Chicago," PHD dissertation in progress, Graduate School of Business, University of Chicago.

also in terms of community patterns of segregation.

Labor unions have not done very much about the skill problem. If one were to dream a bit, to use the phrase of Martin Luther King, one might visualize union halls being used as training centers—as workshops for the disadvantaged.

Dealing with the motivational gap is a more difficult assignment. One program which may be a straw in the wind is that of the Interracial Council on Business Opportunity in New York City. This organization which has just received a grant from the Ford Foundation seeks to stimulate entrepreneurship on the part of Negroes through counselling—a type of “each one teach one” program.

To the extent that this program succeeds, it will be making a significant contribution to an aspect of the race relations picture that has not received sufficient attention.

While the individual company may not see much self-interest advantage in stimulating business ownership and management by Negroes, the community in general has a very important stake. Indeed, one can state quite flatly that unless the ownership and operation of businesses in and around Negro communities is brought into better balance with the racial makeup of these areas, we will continue to witness Harlem-type riots and other evidences of anti-business feeling by the Negro community.

### ***Remaining Barriers and Problems***

Not all of the problems are on the supply side. Many problems still remain on the employer side of the picture.

While most large companies have made substantial progress and are actively working at securing additional Negroes, not as many small and medium-sized companies have taken

the initiative. This is in line with Marshall's point that Negroes are not as prevalent in small plants in the South. This is perhaps due to the fact that small companies are not as sensitive to their marketing or public relations image. It is also possible that due to the closeness and family character of many small businesses it is much more difficult to make a transition to equal employment.

Because of this, a group in Chicago is considering a special type of program where the experience of large companies can be shared with that of smaller companies on a big brother basis.

Another problem, and this is one that particularly characterizes large companies, is that there has been insufficient upgrading of Negroes. Several large companies which have been leaders in race relations over the years have tended to relax efforts, only to find a government compliance officer asking them “what have you done lately?” Much to their surprise they have found that while many Negroes are in their employment, very few are in the white collar or managerial area.

The selection area represents one of the most troublesome facing management. The issue facing a company is how much it can rightfully emphasize immediate ability to perform a job versus potential and ability to be trained. Given unlimited resources and time, presumably every applicant could be prepared to fill a position. The question is where to draw the line between the individual who can immediately perform and the individual who needs some help in overcoming his cultural handicaps.

But assuming that an intelligent decision can be made on ability, another problem arises in the area of intangible employee characteristics. Several companies engaged in equal employment activity for considerable



time admit that one of their big problems has been overcoming middle class biases on the part of their employment interviewers. For example, a large retailing firm found that their interviewers were hiring fair-skinned Negroes. It was only after considerable counseling that the interviewers learned to concentrate on the characteristics that had some functional connection with job performance.

Companies are making a mistake if they seek to hire people who embody middle-class attributes. One of the points of the civil rights movement is that Negroes want to be accepted on their own terms and for their own distinctiveness. As a practical matter, once hired a fast acclimation process takes place. A vice president of a large bank commented that some Negroes were not up to the bank's normal standards of dress when they were first hired, but "teen-age pressure soon caught on and these girls became as interested in clothes as everyone else."

Ray Marshall has rightfully expressed concern about the progress in the skilled trades area. I am not as optimistic about the mutuality of interests between the civil rights movement and the labor movement. Herbert Hill of the NAACP has frequently pointed his finger at the skilled trades and there is every indication that more demonstrations will take place at construction sites. There are just too many groups, particularly the metal trades, that are dragging their feet.

### ***Course of the Civil Rights Movement***

In the light of the foregoing, what is the future of the civil rights movement? To the extent that the race relations picture has shifted to the supply side, if only temporarily, then the civil rights movement can turn

its attention elsewhere. Is the civil rights movement suited to solve the supply problem? Probably not. Indeed, the initiative for the improvement of skills and the changing of motivation is coming more and more from government and industry rather than from the civil rights movement. It is true that several civil rights groups have turned their attention to self-improvement programs such as the programs of the NAACP and the Freedom Houses of CORE, but these groups are not equipped nor are they temperamentally suited for the task of improving the Negro qualifications. Herein is a dilemma: the leadership needs to come from the Negro community but the expertise for running improvement programs lies elsewhere.

One might conclude that on the employment front we will not witness any more demonstrations until supply catches up with the new opportunities. Nothing could be further from the truth, however. A machinery has been erected, people have been mobilized and we will witness more demonstrations at construction sites, against companies, etc.

The civil rights movement will become even more assertive as the recent pact between the Negro American Labor Council and the New York City Breweries indicates. (In this agreement, the companies agreed to allow a charge, by any person that he has been discriminated against, to go to outside arbitration.)

An added difficulty is that while demonstrations will continue, the public's impatience with them will mount. Herein, we see a basic cleavage developing in our society between the militants in the civil rights movement and the rest of society, and I am not just referring to the backlash element but also to white liberals.

## Conclusion

One of the most interesting aspects of the race relations picture today is how adaptive and innovative management has shown itself in the face of rapid and dramatic social change. In a way similar to the manner in which it has confronted unions in collective bargaining, management has confronted civil rights groups and the challenge of race relations for the most part in an accommodating manner.

Here and there the cry of preferential treatment has been raised just as the cry of management prerogatives has been raised from time to time in the collective bargaining picture. But the real story of race relations today is not in the zero-sum encounters but in the positive-sum situations, wherein management through initiative and imagination has created arrangements which have not violated the rights of whites and at the same time have contributed to the solution of the number one domestic problem facing the country today.

Pages could be given to an enumeration of the various efforts that have been made. To mention a few: companies in Chicago and elsewhere conducting pre-hire or vestibule training programs, businesses in Philadelphia contributing machinery and know-how to a self-improvement center run

by the Negro community, companies waiving artificially high entrance requirements in order to allow Negroes to overcome cultural handicaps, the action by a large meat packer in helping displaced Negro workers settle into a small Wisconsin community, etc.

One characteristic in common with all these efforts is that they provide assistance to Negro workers without violating the rights of any *particular* white workers. Of course, extra effort is being given to the Negro sector over and against the white sector, but the rights of *individuals* have not been violated.

These programs go further than Ray Marshall has indicated—they do deprive whites of attention or assistance but they do not deprive particular whites.

Management has responded to the Negro problem in these very imaginative ways because in their time perspective and in their sophistication they have realized that ultimately they gain more by solving the Negro problem than they lose in the short-run through special efforts. One does not have to mention the matter of taxes; one only has to mention the future of most large American cities to identify the important stake that we all have in solving the race problem.

[The End]

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## Comments on Equal Employment Opportunities: Problems and Prospects

By ERIC POLISAR

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Cornell University

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**R**ECENT STATISTICS confirm Professor Marshall's observations on the slow rate of improvement. Non-

white unemployment inched from 10.9 per cent in 1963 to 9.8 per cent in 1964. This is still substantially above the 1957 rate of 8.0 per cent. Much of this decline was concentrated in the younger adult category, ages 25-

44. In 1963 the rate was 9 per cent; in 1964 it was 7 per cent. This is the same as it was in 1957. Unfortunately, this development is largely attributable to the recent upsurge in blue collar employment, the duration of which remains uncertain.

During the past two years there has been no appreciable improvement in the unemployment rates of nonwhite women. Since 1962 it has remained approximately 8 per cent. The comparable figure for 1957 was 5 per cent.

Nonwhite teen-age unemployment has been similarly stubborn. In 1963 for boys aged 14-19 it was 25 per cent; in 1964 it was 23 per cent. Comparable figures for girls were 33 per cent and 31 per cent.

### ***Examination of Negro and White Unemployment Rate***

One may derive little solace from an examination of the Negro unemployment rate in relation to the white unemployment rate: 1947—164 per cent; 1957—205 per cent; 1962—224 per cent; 1964—213 per cent.

Not surprisingly, the gap in income between whites and Negroes is widening rather than narrowing. Further, given the present and anticipated nature of the job market, levels of Negro education and training, and the widespread existence of discrimination, this trend appears inevitable and not self-correctible.

It is evident from these and other statistics that improvement has been minimal and that in some important respects deterioration has occurred.

What is distressing is that so much—and such intense—activity has borne such pitiful fruit. The years we are discussing are precisely those years which have witnessed what has come to be described as a “civil rights revolution.” However significant the impact may have been in other areas, the

“revolution” appears to have aborted in the area of employment.

We need to address ourselves to the question—why?

Few would disagree that a full employment economy would provide more jobs for more people, including Negroes. There is something tantalizingly tautological about this. Few would disagree that education and training for Negroes should be improved. Few would disagree that the cycle of poverty, the demoralizing and debilitating effects of ghetto existence, needs to be broken. The only trouble is that equally few are sanguine about rapid or significant progress in any of these areas.

Further, there is at least some question as to the extent to which major institutional change is a prerequisite for Negro advancement. Possibly more modest goals, pursued with conviction and determination, offer some promise.

### ***Enactment of Laws But No Enforcement***

We are surrounded by discriminatory practices and overwhelmed by laws and regulations prohibiting these self-same practices.

We have exhibited a truly awe-inspiring ingenuity in enacting laws purporting to deal with major social problems, but then not enforcing them.

At the federal level one can start with the Civil War amendments and proceed on a tortured trek through various Executive Orders, the President's Committee on Equal Employment Opportunity, Plans for Progress, numerous programs in government agencies relating both to internal employment practices and to the employment practices of private firms working on government contracts, recent regulations of the Bureau of Apprentice Training, and culminating, at least at the moment, in Title VII of the Civil Rights Law of 1964.

The picture at the state and local level is no less impressive. Twenty-five states have FEP laws with enforcement powers. Other states have similar legislation, but lack mandatory provisions. In addition, there exists a veritable jungle of county and municipal antidiscrimination statutes, with varying powers. Finally, frequently omitted from considerations of this subject, but of great significance, is abundant state and local legislation ranging from provisions in state constitutions through sections of the labor laws to housing and sanitary codes.

It is evident that we are confronted not with a dearth of laws and agencies, but with an abundance of each. Further, without implying a legal superhighway to Utopia, there are few aspects of this problem not susceptible to material improvement through existing law. Let us, then, enforce together.

### **New York State Enforcement Procedures**

In a consideration of enforcement procedures the New York State experience is relevant and instructive. Enacted in 1945, the New York Law Against Discrimination was the first of its kind. It has served as a model for others, including portions of the federal statute. The Commission it created is adequately staffed and impressively financed. It possesses enforcement power.

That power has been used sparingly. Undue reliance has been placed on the conciliation and persuasion aspects of the law. There has been inadequate resort to public hearings and vigorous enforcement.

Between July 1, 1945 and June 30, 1964, a total of 8,678 verified complaints were filed alleging discrimination in employment. Only 28 were ordered for hearings. Of these, four were discontinued before the start

of hearings, 11 were settled before hearings, five were settled during the hearings and in only eight cases were hearings completed.

In the 24 cases for which hearings were scheduled, eight were resolved by conciliation, nine by consent, and seven by cease and desist orders. Six cases were subject to further litigation through the courts.

This record is hardly symptomatic of vigorous administration, especially in view of the existence of widespread and generally acknowledged (though unproven) discriminatory practices.

But it is not only the microscopic number of cases which go the route, it is also the majestic pace at which they proceed which undermines the laudable intent of the law. This is like running at top speed on a track of undiluted molasses.

The chronology of the *Local 28, Sheet Metal Workers* case is not atypical: February 1961—State Commission for Human Rights requests Attorney General to investigate; January 1962—Attorney General's office initiates investigation; December 1962—Attorney General executes verified complaint; August 1963—State Commission finds probable cause. (Note the perplexing seven-month delay in finding probable cause in view of the fact that the Commission initially requested the investigation.)

August 30, 1963—Public Hearings ordered; September-December, 1963—Public Hearings; January 1964—Briefs submitted by parties; February 26, 1964—Findings of fact and opinion; March 20, 1964—Commission order; April 20, 1964—Application for reopening; May 7, 1964—Application denied; May-June, 1964—Application for judicial review; November 6, 1964—Court Order; March 1965—Selection of apprentice class under new nondiscriminatory rules.

Given political realities, possibly more cannot be expected of the various state FEP commissions, but certainly more can and should be demanded.

Civil rights organizations, which have successfully pressed for anti-discrimination legislation, have failed to ensure that legitimate cases are brought to the Commissions for disposition.

### **Conclusion**

There is increasing discussion concerning the need for creative and in-

novative thought on this issue or the need for a fundamental change in American society. Possibly these views are accurate.

Where, however, a firm and unequivocal position has been adopted, significant progress in equal employment opportunity has been achieved. This is equally true at the federal and state levels. What is needed, at least in the immediate future, is more of this.

**[The End]**

## SESSION II

# Reducing Unemployment: Problems and Policies

By GEORGE H. HILDEBRAND

Cornell University

ON THE THREE PER CENT full employment standard, the United States in 1964 still had 1.6 million too many unemployed. Not since 1953 has the economy reached this standard. More than this, the annual unemployment rate has stayed above five per cent of the labor force for the past seven years. Despite this unsatisfactory record, throughout the past decade we have had the necessary technical knowledge at hand to design policies to achieve the three per cent target. What, then, are the obstacles, what measures give promise of reaching the goal, and what measures do not?

Apart from a hard core of unemployable persons, excessive unemployment is essentially a problem of deficient over-all demand for output. If we were willing to expand effective demand with all the brakes off and without regard to side effects, we could push the measured rate of unemployment down to at least three per cent and possibly even less, at the same time absorbing many persons from the hidden reserve as well. World War II offers a convincing illustration of the point.

Why, then, have we not been willing to go all-out on a policy of demand expansion, and why are we now building an extensive, costly and diverse collection of government manpower programs, part of whose purpose is to reduce unemployment, when demand expansion itself could solve the problem?

### *Policy of Demand Expansion*

Two reasons provide the answer. First, we are unwilling to accept certain undesirable consequential effects of unrestrained demand expansion, and so find it requisite to deal directly with problems of labor supply. And second, we have developed a justifiable concern about the employability and potential earning power of certain "exposed" categories composing the measured unemployed and the secondary labor reserve.

The technique of deliberate demand expansion has been tested and not found wanting in intended results. Beginning in 1961, we have pushed expansion with prudent but well-sustained vigor by an intricate and well-conceived set of policies. On the fiscal side, the program has wisely embraced a diverse collection of tax cuts intended to stimulate both consumption and investment. Coupled to these, there has been a

sophisticated management of the money supply that has succeeded in keeping long rates stable and relatively low while inching up the short rate to counteract the payments deficit. I doubt if a better precedent exists to parallel this deliberately experimental and imaginative use of Keynesian ideas.

That the experiment has been successful, and impressively so, is now beyond question. The present recovery from the February, 1961, low is now in its fiftieth month. Since 1960 real gross product has advanced by a simple average of 4.3 per cent a year. In March, 1965, nonagricultural employment was 6 million above February, 1961. Despite a drop of 1.4 million in farm employment, total employment increased by 4.6 million. Even the long-stagnant manufacturing sector added 2.3 million employees, while nonmanufacturing expanded by 4.5 million. In the same period, the over-all rate of unemployment fell from 6.8 to 4.7 per cent, while the number of unemployed declined by 1.4 million (all figures seasonally adjusted). In the face of this evidence, the effectiveness of demand expansion can no longer be doubted. Whether it is adequate on its own terms, in view of diverse manpower objectives, is of course another matter. But the main point remains: stagnation and heavy unemployment can successfully be reduced by operating on the demand side.

Since demand expansion does create new jobs, why have we not pushed such policies even harder, all the more so since measured unemployment in March, 1965, was still 1.25 million above the three per cent target and there were up to another million in the hidden labor reserve?

The basic reason is two-fold: the chronic payments deficit and fear that wage-push inflation will break out

and make the deficit worse. To make money still cheaper would be to invite still greater capital export, barring a fall in foreign short-term rates. To enlarge the federal budget deficit still more, either by further tax cuts or larger spending would also require a faster rate of monetary expansion, and this too could have adverse effects for interest rates. But this is not all. A more rapid expansion of effective demand would bring about a larger shift to profits at the same time that the unemployment rate is descending. Both of these developments would provide strong preconditions for wage-push inflation. The emergence of general inflation from the cost side would in turn invoke a rise of export prices and of expenditures on imports, both of which would further upset the foreign balance. Because of this collection of risks, the policy of demand expansion has been kept under some restraint. In consequence, closure of the demand gap has been stretched out over four years, and still is incomplete. Indeed, even at this point we seem to be entering a testing zone so far as the inflation threat is concerned.

### ***Wage-Price Guideposts Policy***

This possibility was anticipated over three years ago, when the wage-price guideposts policy was first announced. Its primary purpose is a double one: to hold the level of unit labor costs constant over the economy as a whole, and so to check the pressure of costs on prices; and to introduce some downward flexibility in particular prices, so that the over-all level can be held steady. Its method is that of guidance backed by a hoped-for support of public opinion. Its workability is still another matter, outside the scope of this paper. But the question may fairly be asked: can groups possessed of strong market

power be expected not to push fully their private and to some extent mutual interests, in deference to public opinion and to sporadic and not always consistent political pressure? If the automobile settlements demonstrate a trend, the answer, regrettably, must be negative.

To the extent that the guideposts policy can be effective, we can be that much more aggressive about expanding total demand. Since 1960, unit labor costs in the industrial sector have been stable, mainly because unemployment has been steadily over five per cent and there has been no marked shift to profits until the last two years. Now the guideposts policy is entering a time of testing, and our doubts about their effectiveness occasion an increasing concern about continued reliance upon pure demand expansion alone as a noninflationary cure for excessive unemployment. In turn, this accounts in part for increasing emphasis upon policies to attack unemployment on the supply side of the labor market. In other words, if structural factors impeding the adjustment of labor supply to demand can be reduced, we can improve the rate of reduction of unemployment per billion dollars of increased demand.

### **Low Productivity Workers**

Looking now at the structural side, the proportion of low productivity workers consistently has loomed large in the total unemployment problem ever since the present expansion began. Using the measured data and counting within this group private household workers, service workers, farm laborers, laborers except farm and mine, and those without previous work experience, during 1960-64 their relative share of unemployment has averaged 42.1 per cent with very little variation, and their number has averaged 1.78 million. Clearly, any at-

tempt to reach the over-all three per cent rate must take into account policies for substantially reducing this category of the unemployed.

Low productivity workers consist of those who in general are poorly educated and who for the most part have had little or no formal vocational preparation, and to a lesser extent older workers with obsolete skills. Many of these persons are not even counted as unemployed because they are not actively in the market. Taken as a whole, the group is dominated by youngsters and includes a disproportionate number of Negroes. If the great society is also to prove a good society, the undue economic burden and sterile lives suffered by these people must be replaced by adequate job opportunities affording decent earnings.

Some students of the problem have gone so far as to question the possibility that any rate of over-all expansion of demand would reduce unemployment, particularly for this group, because the supply of professional and technical workers is implicitly assumed to be almost zero elastic, and accordingly pushing up demand would only produce inflation without reducing excessive unemployment. But this supply function has not been shown to be this inelastic. More than this, the argument calls for a second dubious assumption as well: a fixed input relationship per unit of product as between unskilled and highly skilled labor. This denies any possibility for substitution as among different types of labor, a contention that is lacking in empirical support.

### **Principle of Substitution**

We need not depend on implicit theorizing of this kind to make the case for caution in demand expansion. If the inflationary consequences were



acceptable to the nation, a vigorous enough expansionary policy would overcome structural unemployment, by the operation of the principle of substitution—a force that has already done much good even short of an inflationary situation. As labor markets tighten with growing demand, employers become willing to lower hiring standards, to accelerate upgrading, to increase the costs of search for new candidates and to enlarge both formal class instruction and on-the-job training programs. But as the process of expansion begins increasingly to draw upon the low-productivity unemployed, which increasingly is coming to be the case, these substitutive actions operate to lower labor efficiency and to raise unit labor costs, granting that other forces are still working in the opposite direction. But the main obstacle lies in another quarter: to effectuate fully the substitutive process in favor of the low-productivity unemployed calls for a rate of over-all growth in real demand that threatens us with wage-push inflation even before the three per cent target can be reached. Unless they can be shifted by the hortatory effects of the guideposts policy, the American Phillips curve relationships are simply unfavorable to noninflationary full employment today. Finally, for many of the structurally idle, the effects of substitution are not good enough: the best they can hope for would be jobs at very low rates of pay, while some of them would still find no jobs at all. To improve their prospects for jobs requires renewed efforts to make the guideposts work, avoidance of measures that would shut the door to job opportunities and policies aimed to increase the employability of this group. To improve their earnings potential calls for measures to upgrade their productivity—programs to promote higher literacy, better voca-

tional preparation, increased social skills and receptivity to industrial discipline, and so on.

The upshot of the whole argument so far is, then, that reducing structural unemployment to tolerable levels calls not alone for continued prudent expansion of over-all demand, but for measures directed to the adaptability of labor supply. This need is made all the more critical by both the present advanced stage of the recovery and by the current flood of youngsters into the market, many of whom are very poorly prepared vocationally and even psychologically.

On the side of employment opportunities, the first obstacle is that, *ceteris paribus*, the demand for low-quality labor is highly elastic, because its elasticity of substitution is so high. Such labor is easily replaced by capital and by workers of higher efficiency, while it is the type of labor least able to improve its own efficiency, particularly in a short period. Indeed, a small part of this group includes able-bodied people whose mental capacity makes them incapable of attending or completing high school. Yet many of these persons have the motivation to be self-supporting. They should have the right to such opportunities.

If partial demand elasticities are high for low-productivity labor, and I think they are, then among other things the volume of job opportunities available to this group depends sensitively upon what we do about the cost of employing them, in short, upon the supply price of their services. Here I wish to point to three policies, two of which are fervently proposed as desirable ways of helping the unemployed, and all three of which in my judgment work in the wrong direction.

## The Minimum Wage

The main technical case for the minimum wage is that no employer should be allowed to hire labor at rates whose annual equivalent at full time is a poverty income. If we frankly accept the corollary that some low-productivity workers will then be doomed either to unemployment or to even lower paying jobs in uncovered occupations, then the issue becomes simply one of how to provide adequate incomes to those so displaced. In all conscience, those who favor still higher minimum wages owe us the duty of facing up to the consequences: what supplemental income policies do they propose for those who lose out?

Alternatively, if we want able-bodied workers of low-productivity to fulfill their desire to be self-supporting, then at the least we require a different kind of minimum wage policy. Supplementary to that policy, we should stress efforts to increase effective demand and to upgrade the productive potential of these workers. In September, 1965, the present federal minimum for the trade and services group will reach \$1.25 per hour, to become uniform with the minimum for manufacturing. Proposals are now under consideration to raise this uniform minimum even further, perhaps to \$2.00 per hour. Other proposals would extend its coverage, which now embraces about 60 per cent of all private wage and salary workers.

The last increase in the federal minimum occurred in September, 1961, and involved an advance of 25 per cent for manufacturing. In the three years

thereafter, the following steps were taken to promote higher private investment: the seven per cent investment-credit, relaxed depreciation requirements and a cut in the corporate profits tax. These changes were desirable for independent reasons. But at the very time when we were starting policies to expand demand and to reduce unemployment, we began by raising the minimum price of low-productivity labor, while also increasing the rewards for substituting capital for this kind of labor.<sup>1</sup>

Nonetheless, faith in the supposedly beneficial consequences of the minimum wage is so widespread today that perhaps the best course is to defer to the principle, shifting over to multiple industry minima, in recognition of varying elasticities of labor demand, and at the same time urging caution regarding extensions of coverage and increases of amount. And if we are dissatisfied with low incomes from certain kinds of productive work, we should consider forms of supplementation that are divorced from higher employment costs—in short, we ought to examine this problem on its own terms.

### Shorter Hours

Statutory reductions in straight-time hours with present weekly take-home maintained do not increase total purchasing power. They redistribute it, while also raising labor costs per hour worked. Again the low-productivity group is most vulnerable to displacement. There need be no quarrel over a secular reduction of hours provided that it is freely chosen in preference

<sup>1</sup> This point was called to my attention by Professor William Gruber of M.I.T. As Clarence Long first suggested, the productivity of low-quality workers rises less fast than that for average and high-quality ones. If we are unwilling to tolerate high unemployment for the first group, either relative wage spreads must rise against

them or measures must be taken to upgrade their productivity. At the very least we ought not to narrow these spreads still further, as minimum wage proposals are likely to do. See Fritz Machlup, *The Production and Distribution of Knowledge in the United States*, Princeton: Princeton University Press, 1962, pp. 397-398.

to higher real earnings. But if the purpose in hand is to reduce structural unemployment, it makes no sense at all to impose a large cut in weekly hours at constant weekly earnings. All this would do is to make unemployment worse, and to increase the inflationary consequences of trying to overcome it by demand policy.

### **Higher Payroll Taxes For Social Insurance**

The financing of income security through payroll taxes is a practice now hallowed by time, and in no event easy to replace or to supplement by other methods, although the matter now cries out for careful study.

Payroll taxes on employers are payroll costs. At present they average 6.25 per cent per covered wage dollar (3.625 for OASDI, 2.0 for unemployment compensation and 1.0 per cent for workmen's compensation). By the end of the decade they are likely to reach 8-9 per cent. To a small extent, their slow advance is adverse to increased employment of all types of labor, relative to capital—a shift that may well grow in importance in the years ahead.

Of greater significance for the present context, the existence of maximum wage-salary limits subject to tax (\$4,800 for OASDI and varying amounts by state for UC and WC) exerts a regressive impact upon labor cost as the wage level rises. The reason is that the percentage taxed of higher bracket wages declines as these levels increase. This impact increases further with each rise in the tax rates, and is narrowed only by infrequent advances in the maximum taxable wage base. The over-all effect is to raise the relative cost of unskilled labor, hence to put a premium on its replacement, unless the relative efficiency of this group can be increased

pro rata, which seems unlikely except perhaps for the very long run.

The pending Medicare bill, which at this writing has now passed the House, would stretch out the scheduled rise in OASDI tax rates, while raising the wage base to \$5,600 next January and to \$6,600 two years later, and while using general revenues to help finance the participation feature of the proposed medical plan. Even so, on next January 1 the OASDI rate will go to 4.0 per cent, while 0.35 per cent will be added to finance Medicare. A year later the two together will rise to 4.5 per cent, holding for two more years at this level, and then rising to 4.9 per cent. By 1969, then, the employer will be paying at least eight per cent for all forms of social insurance, a rise of one-fifth in a little less than four years.

Because the country is committed to larger money and real benefits under these diverse programs, and should be in my opinion, the question of how to finance them without recourse to ever-increasing rates of tax, particularly with inadequate fixed maxima, becomes increasingly urgent. This is particularly true for low-wage labor. We have already seen that this group bulks large in the current unemployment problem. Given the growing youth bulge in the labor force and the poor vocational preparation of so many of these youngsters, every precaution must be taken to avoid cost-raising policies that would make their problems even worse.

Let me consider now some constructive lines of action for reducing the volume of unemployment and increasing the earning power of low-productivity workers.

### **Pre-Vocational Preparation**

One of the ominous facts about the current quality of national life is

the large number of youngsters who have dropped out of school. To many of them, becoming a drop-out is a way of expressing their alienation from society and their indifference to becoming self-supporting adults. For this group, the immediate problem is one of salvage, to repair deficiencies in primary education and to teach its members how to become productive members of a work team. Vocational preparation as such can only follow this essential preliminary step.

A second category of people consists of adults already in the labor force who at best are only semiliterate. A recent sample study of workers between 22 and 64 years of age having less than three years of college, if that, indicates that one-third had not gone beyond the eighth grade.<sup>2</sup> The problem here is essentially one of improving employability and earnings potential.

For both groups, we are dealing with a catch-up problem, to remedy the accumulated damage wrought by childhood poverty, inadequate vocational education, racial discrimination and long-stagnant labor markets.

Government efforts in this field now involve three main programs, all derived from the Economic Opportunity Act. By fiscal 1966, 400,000 people will be receiving pre-vocational preparation: 40,000 in the Job Corps, 290,000 in the Neighborhood Youth Corps and 70,000 in the Adult Literacy Program.<sup>3</sup> For the longer run, the need for these measures should decline, provided that the poverty program becomes a substantial success and that the vocational preparation

side of our system of formal education is suitably rebuilt.

### Formal Occupational Training

There is little doubt that an upward demand shift is occurring in the vocational preparation required of the American labor force, one that may well gather speed in the future.

The Department of Labor survey of 60.8 million workers in the labor force of ages between 22 and 64 years (1963) suggests that 47 per cent of them had taken no formal occupational training in the past, although for the group between 22 and 24 years of age this proportion is somewhat lower.

Excluding those in the group who have had at least three years of college, then of the 52.1 million remaining, 55 per cent had had no formal training. For those with no more than eight years of schooling (16.9 million), the untrained group rises to 84 per cent; for nonwhites (6.3 million) it is 69 per cent. For those who did have previous formal training, the high schools and special schools and technical institutes were the main source of provision, while company schools and apprenticeship programs lagged far behind in importance. Clearly, the public school system is the logical vehicle for an improved system of vocational education, and its task will be a large one—all the more so in view of existing deficiencies in this field. At the same time, there is an obvious opportunity for resuscitating and greatly extending apprenticeship programs as well as formal company training programs.<sup>4</sup>

<sup>2</sup> U. S. Department of Labor, Office of Manpower, Automation and Training, Manpower/Automation Research Monograph No. 2, *Formal Occupational Training of Adult Workers*, Washington: December, 1964.

<sup>3</sup> *The Budget of the United States Government for the Fiscal Year Ending June 30,*

1966, Washington: Government Printing Office, 1965, pp. 117-120.

<sup>4</sup> As of spring 1962, there were only 131,300 apprentices in the United States, for a labor force of 71.8 million. In the United Kingdom for the same year, the

(Continued on next page)

Government efforts in this field have grown rapidly in recent years, following passage of the Area Redevelopment Act in 1961, the Manpower Training and Development Act in 1962 and the Economic Opportunity Act in 1964. They are also pluralistic, necessarily so because they aim at diverse disadvantaged groups, for example poorly trained youngsters, unemployed heads of families, workers in depressed areas, needy college students and already employed workers capable of learning new skills. Altogether, about 618,000 persons will be enrolled in these programs in fiscal 1966.

In part, these efforts are remedial in nature, and in time could be dropped if the general educational system can be overhauled and the economy kept growing at a rate adequate to insure enough new jobs as well as opportunities to advance up the occupational ladder. Indeed, with sufficient growth private employers themselves can be expected to broaden their programs of formal and on-the-job training, which brings me to my final suggestion.

### **Increased Private Training Programs**

Excluding the Community Action Programs under the Economic Opportunity Act, the federal government will be spending about \$1.8 billion on pre-vocational preparation and vocational training during fiscal 1966 for the benefit of about one million persons. Obviously the number of potential candidates for so many programs far exceeds those who will be chosen. At the same time, there are limits even to the federal purse. More than

this, there is no reason why the task should belong exclusively to government, especially the federal government. Indeed, as with all central government programs there are inevitable rigidities, delays and insensitivity to diversities of need at the points of ultimate impact. Then why not turn to the private sector and give it added incentive to develop formal occupational training to a much greater extent on its own?

One promising device, suggested by John Dunlop, is to introduce a federal tax credit, akin to that for above-normal plant and equipment expenditures, to be applied to investment in human capital, that is, to outlays for formal training. Another approach, no doubt somewhat quixotic today although not entirely so, would be for managements and unions deliberately to shift their thinking from straight distributive collective bargaining on behalf of already well-paid middle class employees and stockholders to the communitarian task of organizing joint training programs, diverting some of the negotiated increases in wage rates and fringe benefits to the financing of such activities for the benefit of promising youngsters. Still another method, already well-developed in Western Europe, would be to tie closely together high school education and part-time on-the-job training in the firm, starting, say, at age 16. If anything significant is to be accomplished in this way, obviously a revolution in thinking would be needed in all parts of the community—the employers, the unions, the educators and the government. However the signs are evident that we badly re-

*(Footnote 4 continued)*

labor force was 23.3 million, and 142,760 youngsters entered apprenticeships. For West Germany in 1960, the labor force was 25.8 million, and 1.2 million youngsters were engaged in apprenticeships. James R. Wason, "Apprenticeship and Youth Employment in Western Europe: An Eco-

nomic Study," Subcommittee on Employment and Manpower, Committee on Labor and Public Welfare, *The Role of Apprenticeship in Manpower Development: United States and Western Europe*, 88th Congress, 2d Sess., Washington: Government Printing Office, 1964, pp. 1185, 1296, 1299 and 1314.

quire what Bacon termed "a great instauration" in the vocational preparation of the young in the United States. Perhaps we are now witnessing its beginnings.

### **Conclusion**

To sum up the entire argument, demand policy is at all times vital and already has proved enormously effective. But relative to full employment it is handicapped by too low an inflationary threshold. Accordingly, although it is necessary, it is not sufficient: it must be supplemented by a sophisticated manpower policy. From the standpoint of employment alone, this policy must be aimed particularly at the low-productivity worker and to

those youngsters who must be salvaged if they are to have self-supporting futures. On the same count, we must avoid mistaken measures, however well-intended, whose effect would be to reduce employment opportunities for the very people who need them most. At the same time, manpower policy has the much larger purpose of raising earnings potentials and of preserving the employability of those most vulnerable to technological change. From a broad point of view, demand and manpower policies together are the necessary ingredients for making sure that the great society will also be a good one.

[The End]

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## **Comments on Reducing Unemployment: Problems and Policies**

By CLYDE E. DANKERT

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Dartmouth College

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**T**HROUGH the use of solid logic and revealing statistics, Professor Hildebrand has done his best to render the discussants of his paper unnecessary and obsolete—victims, one might say, of intellectual efficiency. However, as one of the discussants I refuse to be displaced, even with a dismissal wage. If there is very little in Professor Hildebrand's paper with which I can find fault, there are at least parts of his analysis on which I can elaborate.

The balance Professor Hildebrand strikes between the demand-expansion approach and the supply-adjustment approach to the current unemployment problem is about right. He gets very close to establishing equality "at

the margins of use," thus achieving the optimum result. I was a bit perturbed initially, however, at the rhetorical question he asks early in his paper which seems to imply that demand expansion by itself can "solve"—completely solve, I assume—the problem of unemployment. I thought that statement was rather strong. But it soon became clear that Professor Hildebrand, dealing not with unemployment in the abstract but with unemployment in the United States in 1965, by no means neglects the supply-adjustment approach.

### **Two Kinds of Mobility**

It is possible, however, that I would go somewhat farther than he does in advocating the use of manpower policies designed to make labor more mobile. But here a word of caution

is necessary. Two kinds of mobility are involved: geographical mobility and occupational mobility. In the case of the former it is possible to have too much mobility as well as too little. Certainly it is not necessary, as Francis Walker pointed out many years ago, "that the whole body of laborers should be organized like a Tartar tribe, packed and saddled ready for flight." What we really need is controlled, but adequate, labor mobility. Or, to resort to the rather quaint terminology that Sir William Beveridge used in his classic work on unemployment, we need the "organized fluidity of labor." For a variety of reasons we are still some distance from that objective. We could get closer to the objective if our many separate labor markets were tied more closely together by an increase in the placement work of the United States Employment Service and the establishment of still closer coordination in the work of the Service.

But labor must be fluid not only geographically, as Beveridge stressed, but occupationally as well. This is the aspect of the mobility issue that Professor Hildebrand emphasizes, and correctly so. To achieve a satisfactory degree of occupational mobility we need a variety of manpower programs, both public and private.

The need for such programs varies inversely with the strength and effectiveness of the demand-creation policies used. For a number of reasons, including the twofold one that Professor Hildebrand mentions, these policies will not in actual practice be used to the point of maximum employment effectiveness. Hence there is need for supply-adjustment policies of some scope.

### ***Need for Training and Retraining Programs***

But I would argue that such policies are needed not simply to reduce

the volume of unemployment but to increase the general efficiency with which our labor force is used. In other words, even if we have a condition of full employment—which Professor Hildebrand refers to, rather optimistically I believe, as a situation involving an unemployment rate of 3 per cent—there is need for a wide range of manpower policies designed to train, or retrain, our workers for the ever-changing multitude of jobs that our economy offers. This type of labor fluidity must also be organized if we are to achieve the optimum allocation effects and the maximum output results.

It seems to me that one of the most important developments in the field of labor economics in recent decades—and looking back to my own beginning studies in the field I can discern many such developments—has been the very rapid growth in the systematic study of manpower problems.

Professor Hildebrand does well to raise the question of the employment effects on young workers and on older low-productivity workers of increasing the minimum age under the Fair Labor Standards Act. I share his concern in this matter. But I would question, largely on the basis of administrative considerations, the desirability of adopting multiple industry minima, at least if the idea were carried very far. To encourage the employment of more younger workers employers might be permitted to hire a certain number of such workers (relative to the size of their work force) at a wage less than the minimum. This plan, which could supplement the existing one relating to learners, has the virtue of administrative simplicity—and that virtue is by no means inconsiderable. It is open to a number of objections but, along with other possible arrangements, including the one mentioned by Professor Hildebrand, it deserves further study.

The proposal to reduce hours of work as a means for increasing employment receives slight attention from Professor Hildebrand, and in view of the inherent weaknesses of the proposal I think this is just. And yet so widely is this measure advocated that further attention to it seems warranted. Perhaps here I am expressing a personal prejudice.

### **Weaknesses of Shorter-Hour Proposal**

Among the weaknesses or fallacies of the shorter-hour proposal are two that I would like to mention, both a bit old-fashioned but both very pertinent. First, the proposal is based on the concept of what older economists called a fixed work-fund. Starting off with the assumption that there is just so much work to be done, it is easy for one to conclude that in view of the speed with which our labor force is increasing and the rate at which automation is progressing, the hours of work *must* be reduced. But one cannot make such an assumption, particularly when the government aids the situation by adopting various measures, such as those dealt with by Professor Hildebrand, of a demand-expansion and production-expansion nature.

Parenthetically I might add that Professor Hildebrand seems a little disrespectful in not even mentioning the word "automation" in his discussion!

The second weakness of the shorter-hour proposal relates to its potentialities as a creator of purchasing power. This, of course, has to do with the wage-maintenance part of the proposal. It is difficult to see how this could

happen. If we look at purchasing power in real terms, as we must, we will more easily see some of the difficulties involved. We will also see that those who think real purchasing power in the economy will be enhanced by a reduction in hours are using an argument that is inconsistent with the limited-amount-of-work argument.

As time goes on hours of work will continue to be reduced. There seems to be an "inevitability of gradualness" here. On grounds of general welfare this is desirable. But there is a grave danger that we may reduce hours with excessive speed, giving up too much in the way of real income for the extra leisure we achieve. I would say that at the present time the 35-hour week as a general standard is a luxury we cannot afford. And it would be a major economic catastrophe if the economy were forced to adopt a 25-hour work week (with 5 hours of overtime), the standard won by Harry Van Arsdale and his Electrical Workers in New York. In time we should reach the 30-hour week and even the 25-hour week, but despite all the talk about the leisure society, that time is not now and will not be for quite some years.

Faced as we are with economic and political obligations to other countries, with a payments-deficit problem, with a production battle with Soviet Russia, and with a serious domestic condition of localized poverty, it would be well for us to proceed only gradually in further reducing hours. Extra leisure will not help us to meet these problems, but extra output will.

[The End]



# Comments on Reducing Unemployment: Problems and Policies

By ROBERT R. FRANCE

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University of Rochester

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PROFESSOR HILDEBRAND'S paper is interesting and clear, but it offers little comfort for the years immediately ahead. True, he assures us that appropriate monetary and fiscal policies could reduce unemployment to the interim goal of four per cent, and perhaps to the *Nirvana* of three per cent. But he warns us that before reaching even the first goal, the nation would be confronted by a wage-push inflation.

The paper does suggest that the inflation threshold might be raised by improving the quality of the labor force. However, this proposal is likely to offer little help over the next few years. Improved labor efficiency will not reduce the pressure on wages resulting from increased profits, which both serve as a good to greater union demands and reduce managements' willingness to resist. In addition, improvement in the quality of labor will come about slowly. The nation will have to tool up for the various programs approved by Congress in recent years, and because of our inexperience in public training and retraining programs of the type needed currently, we undoubtedly will make mistakes which will lower our output of correctly trained personnel. Furthermore, a significant part of the improvement in the labor force will result from younger, better educated workers replacing older, less educated workers who retire from employment. This

process comes about only with the passage of time.

Thus, Professor Hildebrand leaves us with the perennial Hobson's choice of excessive unemployment or unacceptable inflation that so concerned us a decade ago. Unfortunately, an added complication, the gold drain, confronts us now. Any inflation would increase imports as a result of both income and substitution effects, although improved profit rates also might reduce capital exports somewhat.

Because the paper poses monetary and fiscal policy as an effective means of dealing with current unemployment and raises the threat of wage-push inflation, some comments on these matters are called for. With regard to the effectiveness of "Keynesian" tools, Professor Hildebrand apparently belongs toward the former pole in the continuum of insufficient aggregate demand or structural maladjustments as the cause of our present unemployment. The case he makes is convincing. American enterprise has a great ability to adjust to varying supplies of factors of production, and the substitutability of various types of labor in the production process is large. In addition, the elasticity of supply of man-hours is greater than that of man-years for scientific and technical personnel.

It is also worth noting that measuring structural unemployment by comparison of rates of unemployment for different educational levels raises some important questions.<sup>1</sup> Higher

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<sup>1</sup> Charles C. Killingsworth, "Automation, Jobs, and Manpower" *Nation's Manpower*

*Revolution*, Government Printing Office, Washington, D. C., 1963, p. 1476.

rates of unemployment for persons with low educational levels may reflect an obvious preference on the part of employers for higher quality workers when a general surplus of labor exists. The higher incidence of joblessness need not indicate the inability of low quality workers to fill jobs resulting from expanded output. Less than frictional levels of unemployment for highly educated workers may also be misleading with regard to potential bottlenecks as aggregate demand is increased. A substantial part of the demand for such persons is for jobs not directly related to production, for example, research or finance. In the short run, inability to fill such positions need not hold up production.

The foregoing is not meant to deny that structural maladjustment accounts for some of our present unemployment. The technological change in recent years has, as Professor Killingsworth puts it, given a twist to the type of jobs available in the economy. The number of production jobs in manufacturing is only now (April, 1965) reaching the totals of 1957. Over that same period the Federal Reserve Board index of industrial production has risen nearly 40 per cent. Job vacancies exist in the nation despite the high levels of unemployment. However, no evidence has been produced to show that total vacancies are a significant proportion of unemployment.

### ***Wage-Push Inflation***

While Professor Hildebrand apparently has concluded that a wage-push inflation is a real possibility, he does not enter into a full scale discussion of the problem. Since such a discussion would have usurped his entire paper, he is fully justified in avoiding that question to concentrate on fresher points of more interest to him. The limitations of space allotted

for comments preclude any serious consideration of wage-push inflation. A few points are worth mentioning, however. Phillips curves are based on past data, and changing conditions might have an influence on the relation of wages and unemployment. My own and other Phillips curve studies have suggested that the rate of change of unemployment as well as the level of unemployment influences the rate of change of wages. The cautious approach to full employment being followed by the Administration, may avoid some of the pressures on wages generated by more rapid movement of aggregate demand in the 1940s and 1950s. Needless to say, the tools of monetary and fiscal policy are not so refined as to guarantee a continuing gentle expansion of aggregate demand. More importantly, factors outside the realm of government policy may speed up the rise in aggregate demand.

Studies of wage-price relations suggest that competition in the product market may retard price increases and thereby increase management resistance to pay raises. While changing technology has raised the range of substitutability of products, it is doubtful that changes over the past decade have been great enough to effect a substantial increase in competitive forces. However, foreign competition has increased, and the Kennedy Round negotiations may enhance that potential. While increased foreign competition may raise the possibility of temporary displacement of workers as employment is shifted from domestic to export industries, no lasting increase in unemployment need necessarily result. Furthermore, the threat of foreign competition, without any actual increase in imports, may be sufficient to retard price rises.

## **Financing of Social Insurance**

With regard to specific factors influencing unemployment, Professor Hildebrand's suggestion that alternative methods of financing social insurance be considered requires comment. Students of social insurance will welcome the challenge to re-evaluate methods of paying for the programs. Nevertheless, it should be remembered that there are other objectives of national policy than full employment and other means than social insurance taxes for combatting unemployment. Professor Hildebrand's proposal to increase the maximum wages covered by social insurance would serve his purposes and also raise benefit maxima. The inflexibility of benefit maxima has tended to prevent benefits for higher wage earners from rising and thus has reduced the protection of the programs and moved us toward flat benefits instead of differential benefits aimed at reinforcing the incentives of our differential wage system.

Carried too far, however, Professor Hildebrand's proposal might conflict with other principles of social insurance. Much can be said for meeting only basic security needs through the program. In effect, the program involves a collective decision on the allocation of individual earnings. While the decision can certainly be justified on the grounds of solving an important social problem, providing benefits substantially above basic needs involves an unnecessary interference with the individual's income allocation. It also involves unnecessary competition with private enterprise. There are plenty of financial institutions to provide benefits over and above basic protection. It is worth noting, however, that the proposed increases referred

to in the paper involve no threat to either of these principles.

One obvious reaction to Professor Hildebrand's concern for the costs of social insurance is a partial switch to financing from general revenues. The equally obvious danger is fiscal irresponsibility. Financing social insurance through a specific payroll tax makes it clear to all that increased benefits mean increased taxes. Consequently, any proposal for a contribution to social insurance from general revenues should be devised in such a manner as to retain a direct relation between increases in benefits and increases in specific taxes paid by potential beneficiaries.

## **Conclusion**

Finally, Professor Hildebrand's discussion of training programs suggests one other comment. Because it is measurable, formal education is frequently taken as an indication of quality. But we cannot improve the quality of the labor force by education alone. The emphasis on high school education in recruiting frequently is less because of the intellectual requirements of the job than because of the screening effect. The youngster who does not complete high school often has emotional and incentive problems which also would make him a poor employee. Offering additional educational or training opportunities to such people may not solve these more personal problems. It is for this reason that programs which attempt to deal with the impoverished social and family environment, such as the Economic Opportunity Act, are of great importance.

[The End]

### SESSION III

# The Structure of Union Political Action — A Trial Analytic Framework

By JACK BARBASH

University of Wisconsin

**T**HE LABOR MOVEMENT in politics is part of a movement that began in earnest with the French Revolution—the pressure by and in behalf of the masses for a place, as Merriam put it, in “the family of power.”

“[Labor] obtained a position only as the result of a long struggle for recognition as other than a bastard child of society, at first placed under the bar sinister, and only slowly admitted into the fellowship of his elder brothers at the table. Slavery to serfdom, serfdom to status, status to organization and recognition, recognition to control, is the progress of the organized labor movement into which so many millions of the human kind have been drawn and to which they now acknowledge an allegiance second only, if at all, to that of the loyalty to the nation and the church.”<sup>1</sup>

Labor in politics as a complex movement became operationally relevant for the United States only after it was able to organize large masses of workers for collective bargaining. This means that we are examining here the period from the middle 1930s on. For this period the objectives of the present paper are: (1) to conceptualize organized labor in politics as a structure, (2) to establish the present condition of this structure, (3) to identify some explanatory variables shaping it and (4) to point to some stresses and strains.

## **Structure of Political Action by Organized Labor**

The structure of political action by the organized labor movement has three dimensions: goals, techniques and the locus of political activity. The dynamics of the structure consists of the interaction of specified techniques, goals and levels of union government.

**Goals.**—The political goals of unions range from pressure groups—the most limited kind—all the way over to the Communist party—the most radical kind. Pressure group goals are those which seek to enhance particular interests in collective bargaining or in institutional power, as for example when a building trades union agitates for a change in the building trades code favoring materials over which it has

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<sup>1</sup> Charles E. Merriam, *Political Power*, New York, Collier Books, 1964, p. 80.

jurisdiction, or when a factory union opposes the shutdown of defense facilities which provide jobs for its members, or when *all* unions seek to defeat a "right to work" referendum.

In the middle range of political goals is what may be called *programmatic* politics. Programmatic politics represents a commitment to an inclusive agenda of issues generally oriented to the welfare state and implemented through established political parties. Further to the left is the labor party which is oriented to a socialist program implemented by a labor or socialist party within a pluralistic parliamentary system. On the far left is the Communist party system of goals which generally but not universally favors a socialist program but which seeks power to overturn the existing political system in favor of a one-party state.

**Techniques.**—From the most restrictive to the most expansive, the technique dimension includes influencing legislative and administrative enactment (lobbying), conserving and enhancing union power within the dominant political organizations, popular electoral activity including propaganda and education in favor of issues and "getting out the vote." The most expansive is development of a formal organization within the unions for the systematic application of such devices as lobbying, drafting of legislation and sample polling.

**Locus of Political Activity.**—The locus of union political activity area can be in the shop, the local union, the intermediate body, the central labor body, the state federation, the national union and the national federation.

The prevailing bent of the structure of union political action in the present period can be summarized as follows:

(1) The foundation of the political structure is collective bargaining power.

Collective bargaining is still the overriding union function, having achieved a depth of penetration, scope and rationalization unprecedented in American industrial relations history and unrivaled by any system of worker defense anywhere else in the world.

(2) The substructure—if it may be put this way—on which the collective bargaining foundation rests is a complex that includes an "affluent society," a pluralized as distinguished from a polarized two-party system and a corporate-based mass production system.

(3) It is the pressure group goals aimed at the preservation of collective bargaining and institutional power that engages union activities most insistently.

(4) The reach of the pressures which a labor union needs to exert in order to preserve collective bargaining and institutional power has been ranging into broad economic policy and imparting a strong and important programmatic bent. The program is moderate, left-of-center-welfare state in its objectives. It does not seek fundamental reconstruction of the social order.

(5) The main movers in the union political structure come out of the workers' own ranks. There are no middle class intellectual elements importantly involved in the union's activities and organizations except as technicians.

(6) Externally, union effectiveness is sought in continuing alliances with diverse middle class strata in both of the established parties.

(7) For the most part the labor movement leaves broad public policy *innovation* to the middle class element leading the external political organizations. The union role is to provide indispensable support and re-enforcement. The union's innovative role is limited to pressure group objectives—minimum wage, Taft-Hartley, etc.

(8) The labor movement's political activity is highly decentralized, following in this respect the diffusion of power in the total movement as among locals, nationals and federations and the decentralized character of the political system in which the unions must function.

(9) Nationally the main line of the labor movement is committed to the Democratic Party. Locally and in the states formal and informal deviations from the Democratic Party are common, but these situations are in the minority.

(10) The political action function in the labor movement is tending to take on the qualities of a sub-organization-within-an-organization with a full-time political and technical staff and the routine use of systematic techniques in polling, communications, strategy and registration.

(11) There is an overwhelming consensus as to the prevailing bent of union political action. There is no important "right" nor an effective "left" within the labor movement favoring a labor party or Communist party.

So much for the central tendencies in contemporary political structure of the unions. The labor movement has come to this point by a long history.

### **History Leading Up to Contemporary Political Union Structure**

Political action has never been absent from the labor movement, and its origins in the United States and England are traceable as an extension of worksite defenses. In the United States agitation for the 10-hour day was instrumental in organizing the first labor party anywhere in the world in Philadelphia in 1828. In the United Kingdom, as the Webbs have ob-

served, "an act of Parliament has, at all times formed one of the means by which British Trade Unionists have sought to attain their ends. . . ."<sup>2</sup> The critical issue since then has been how close to (or far from) the job the union's political goals should be.

Up to the Civil War a major theme in working class political action was the attack on industrial capitalism. In the 1880s the labor movement began to move toward more limited pressure group goals against a continuing counter-theme of socialist politics. The present structural shape began to evolve in the New Deal period when organized political activity as a routine union function acquired legitimacy throughout the labor movement.

The relative weight and significance given to pressure group and programmatic politics, and legislative and electoral means varies within a union, among unions and according to the external environment in which unions find themselves. What follows is a scheme of probable variables affecting differences in goals and means.

Industrial unionism favors more broadly defined and more broadly based programmatic political action because (1) it is a *mass* movement and (2) its industrial environment—automobiles, steel, rubber, etc.—is in the sector of the economy most directly interacting with public policies for full employment, economic stability, defense production and growth. Historically, industrial unionism as a going concern began with government intervention in its favor.

Craft unionism leans toward more intensive, more narrowly defined "pressure group" political action aimed at re-enforcing union job control. The craft union seeking limited objectives, that is, increasing work opportunities

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<sup>2</sup> Beatrice and Sidney J. Webb, *Industrial Democracy*, I, at p. 247.

in a particular trade or limiting entrants in a particular trade, is more likely to be concerned with local and state politics. It is also more likely to collaborate with its employers and Republicans in seeking many of these limited legislative objectives.

As the level of union government ascends—from shop to local to national to federation—the goals are more likely to be in the “programatic” direction and the techniques are likely to be more expansive. The same process is evident as the union member ascends the scale of personal commitment to the union. The passive, rank and file member with only a marginal interest in the union has a narrower view of political goals and techniques than the committed activist. And the top union officer’s perspective is larger than the rank and file activist. More craft union rank and file members will proportionately be found on the committed activist side than industrial factory workers.

The ideological sensitivity of the union leadership directly influences the structure of political interest. The active political functioning of unions in the “needle trades” is directly related to the advanced social outlook of its national union leadership. The leadership of the UAW in organized politics is a function of the same situation.

The strength of personal leadership sharpens the political thrust of a union. Men like Van Arsdale of the New York IBEW, Gibbons of the St. Louis Teamsters and Reuther of the UAW impart a special forward movement to their unions in politics.

The role of government in the union’s economy influences the priority assigned to political activity. Unions in public service, in publicly regulated enterprise, in military related enterprise—that is the situations where

the government is the employer or a quasi-employer—give pressure group political activity a primary place on the union agenda.

The point is that government at all levels is pervasive in American life; every group of unions has a special interest in government policy: the building trades in prevailing wages in public construction and in apprenticeship, the maritime unions in merchant marine subsidies, the factory unions in automation and the railroad unions in collective bargaining legislation.

### ***Factors Which Shape the Structure of Union Politics***

The factors in the external environment which shape the structure of union political interests are: (1) the role and place of the union in the society, (2) the union’s economic situation, (3) the stage of economic development, (4) the class alignment in the society and (5) the level of political development.

Unionism as a mass force in the total society will take on a more programatic emphasis in its political activity than unionism as isolated enclaves. The AFL-CIO with about 14 million members in affiliated unions permeating every nook and cranny of the labor force perceives a larger political role for the movement than did the AFL as a federation representing 3 million or fewer members in scattered craft union fortresses. The same pressures operate in unions in positions of concentrated influence in cities. The UAW as the largest single union in Detroit and Michigan, the Rubber Workers as the most important union in Akron, and the Steelworkers as the most important group of unions in Pittsburgh and Pennsylvania are necessarily propelled in the direction of political responsibility within the community structure.

A period of economic contraction weights union activity more heavily in favor of politics in order to redress the imbalance in collective bargaining power. An impairment of union economic power caused by special circumstances—shifts in consumer demand or in government purchases, technological change and relocation to non-union areas—will also accent the importance of politics in the union scheme. The textile and needle trades unions press for protection against imports, the railroad unions for protection against mergers and the metal trades unions against shut-down of government installations.

Class alignments or shifts in class alignments affect issues and techniques. An ascendant union power in politics generates demands by some business and agricultural groups for restriction in union political expenditures and activity and in turn generates counter-union activity in politics. The fundamental challenge to unionism no longer comes from the main line of business interests but from the “radical right” business elements; for this group the rise of unionism to importance is of a piece with the general deterioration of traditional 19th century values.

The “right to work” issue is in many respects a class issue of this sort with no practical economic objective short of curbing total union power. “Right to work” invariably brings the unions in as a mass because the institution of unionism is convincingly held out to be in danger. Taft-Hartley, but curiously not Landrum-Griffin, evoked this kind of class temper in the union’s political performance.

The stage of economic development—in the case of the United States “the affluent society” stage, if it may be put this way—blunts the cutting edge

of wholesale class appeals in the union’s politics. The free public education demands of the early 19th century workingmen’s parties with their powerful class overtones are replaced in the affluent society by demands for welfare state services of the “medicare” kind. And even the antipoverty program is made more urgent by contrast with the “affluent society” standard. Most importantly the affluent society dulls the union interest in political programs of fundamental reconstruction.

In short, differentiation in the union role in politics, it is asserted, can be explained by two sets of factors: (1) the factors relating to the internal union situation—structure, locus of union activity, ideology, personal leadership, role of government in the union’s economy and (2) the factors in the union’s external environment related to economics and social structure.

### ***Strains in the Structure of Union Politics***

The stresses and strains in the structure of union political action that seem important to me are:

(1) the wide gap between the perspective of the leadership and the rank and file—a gap which is not unique to unions and politics but in many ways reflects a general indifference of the masses of people to program except in emergency and campaigns;

(2) the absence of a relevant and democratic left, not so much because of its own contribution but for in many ways the equally valuable role of continuing criticism and evaluation of the main tendencies;

(3) the gap between the intellectual liberal community and the labor movement which for a generation after the New Deal has been a fruitfully interacting relationship; (The labor leaders have been incapable of rendering their political philosophy



in a style appealing to the intellectual. For his part the intellectual is uncomfortable with the coexistence of virtue and success and steadfastly refuses to penetrate behind the rhetoric of "disenchantment." The liberal intellectual and the labor leaders are still in the same political corner but the social distance is very great.)

(4) the failure of the labor movement to develop a corps of top quality people from its ranks who can function effectively in the larger political and legislative environment. (Except for a small number, the labor people in full-time government posts have proved themselves to be expendable by the labor movement.)

### **Conclusion**

Despite the strains and stresses, I rate the labor movement's political performance as superior on a number of grounds. The labor movement appears to have been generally effective in achieving its goals with the consequence that it may be the single

most important mass movement supporting welfare-state objectives. Working class participation in voting has increased and with it given the predominant "minority group" composition of the union constituency, the heightened effectiveness in politics of these minority group interests. The union has served as almost the only easily available training ground for the skills and confidence necessary for effectiveness in political organization. The political goals of the unions have not been pursued at the expense of their collective bargaining position and their capacity to deal with the individual shop problems of their constituents. Finally, democracy in the larger society has been incalculably strengthened by labor's influence, diffusing political power but not atomizing or polarizing it, and by the union challenge to our economic system to share its favors broadly. These effects may very well be responsible for the viability of western "capitalist" democracy.

[The End]

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## **Comments on a Trial Analytic Framework**

By ALTON C. BARTLETT

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THE "TRIAL ANALYTIC Framework" presented by Jack Barbash is quite consistent with many of the conclusions generated from the data gathered in my own empirical research. Let me elaborate upon three of the sub-themes he touched upon.

First, he said that: "The main movers in the union political structure come out of the workers' own ranks. There are no middle class intellectual elements importantly involved in the

union's activities and organizations except as technicians." Many of us at one time or another have probably spoken of the members of the various local and national unions as if they belonged to a monolithic entity we called the "labor movement": a sort of "one mind," "one heart," and "one cause," type of thing. Perhaps, even now, we can see it moving along on its course—toward a pre-determined goal—at a set and fairly stable speed. Notice, if you will, the use of the word moving; as if there actually was movement in the labor movement! If you will forgive this poor

play on words, consider a few findings from a survey of 603 local rank-and-file leaders from 343 local and 21 international unions.

### **Findings from Survey**

This study, conducted during the summer before the 1960 Presidential election, took off from the premise that if there was any political "movement" in the labor movement, much of it must come from the local's rank-and-file leader. The main concern was with the political attitudes of these local leaders. The principal instrument used to attempt to ascertain these attitudes was a questionnaire, but over 80 per cent of the participants were also interviewed for at least 30 minutes each. Many were interviewed at greater length.

Now let it be clear: there were many differences among these rank-and-file leaders! For example, the 414 males and the 189 females varied sharply on practically every question, at least in the degree of acceptance of any particular union political activity. Certain proposed political acts also caused the younger and older, the higher and lower paid, and the better and less educated to disagree. In addition, there were some clear differences between unions; for example "white collar" v. "blue collar." But the point that was repeatedly driven home was that despite these differences, there were ever so many areas of agreement—at times almost a consensus—on the role they desired for their union in politics. What was also amazing was that they held and expressed attitudes similar to—only stronger than—the rank-and-file mem-

bers reported on in the many other empirical case studies such as the ones by Joel Seidman, et al., and the Rosens.<sup>1</sup> In short, it appeared that there existed the ingredients for a "movement." The questions were how far; how fast?

Jack Barbash also said: "It is the pressure group goals . . . that engages union activities most insistently." This study reinforced this. It suggested that these leaders were registered Democrats who favored Kennedy, Humphrey or Stevenson in that order. They opposed a labor political party, supporting only Democratic candidates, and spending dues money on anything as vague as undefined "political action." They favored some pressure group activities such as engaging in register and vote campaigns, supporting candidates favorable toward labor, agreeing to their union's collection of voluntary contributions for political action, and even wanting the spending of dues money to oppose "right-to-work" laws. While they had no intention of allowing their international union officials to tell them whom to vote for, they indicated they were influenced by the international union's recommendations. They said they favored the international making them. They believed that their international had considerable influence on how practically all of their union members vote. This was true even where the international did not actually make political endorsements. The rank-and-file leaders in this study, and the rank-and-file members studied by many others, seemed to view their union's function as very limited in scope and purpose.

<sup>1</sup> Joel Seidman, Jack London, Bernard Karsh, Daisy Tagliacozzo, *The Worker Views His Union*, University of Chicago Press, Chicago, 1958; Hjalmar Rosen and R. A. H. Rosen, *The Union Member Speaks*, Prentice-Hall, New York, 1955; Arnold Rose, *Union Solidarity*, University of Minne-

sota Press, Minneapolis, 1952; Arthur Kornhauser, Harold L. Sheppard, and Albert J. Mayer, *When Labor Votes*, University Books, New York, 1956; and, Arnold S. Tannenbaum and Robert L. Kahn, *Participation in Union Locals*, Row, Peterson and Company, Evanston, Illinois, 1958.

The dialogue from the interviews sounded something like this: When, they asked, has my union historically been most successful? When it has stuck to improving wages, hours, and working conditions, they answer. Does this mean we should be active in lobbying for less restrictive labor legislation? Of course, because laws affect our degree of success at the bargaining table. Does this mean we should support community activities? If, by we, you mean each of us as individuals or as members of other groups such as family; should we go to church, give blood, work for scouts, or go to PTA meetings, the answer is yes. If, by we, you mean all of us together as a union; should we divert resources and time sorely needed from our main goal (collective bargaining), the answer is no. Does this mean we should be for an increased minimum wage? Why not? We approve of people earning more money. This means exactly that, however, and no more. We do not wish to allocate either dues money or voluntary contributions for this fight. Should we spend dues money on political action? Of course not. Should we spend dues money to defeat a "right-to-work" campaign? Of course. This is a bill to destroy our union. Should our union take a position on foreign policy matters? If you mean on matters like foreign aid, the answer is yes. This creates more jobs than it costs us.

It appeared that these leaders measured the legitimacy of union political action by whether their union could or would obtain their objectives at the bargaining table. If their objectives could be obtained there, then that is the place they wanted their union to seek it. If it seemed unobtainable there and if they perceived it as necessary to the main function of their union, then they were willing to substitute political action for eco-

nomical action by means of pressure group activities. They had not given a "blank check" to their international officials. Each political action must stand inspection alone. They have no objection to a political role for their union as long as a specific action is advocated to obtain a specific goal not readily obtainable at the bargaining table. What they seemed to exhibit was a fairly high degree of economic consciousness, rather than a high degree of political consciousness. This does not mean some were not politically sophisticated: some clearly were; it does intend to suggest that many were not.

It appeared that these 603 rank-and-file leaders were not going to move their segment of the labor movement very far or very fast except where they saw a connection between the act and the job. They were asked, "Are you in favor of a Federal law to guarantee our retired citizens free hospital and medical benefits?" 89.2 per cent said yes. Yet only half went on to say the benefits ought to go to "everyone who has retired." One out of four wanted benefits to go only to those without enough money to pay themselves. An additional one in 20 added to that—only those who have no relatives to pay the bill either. Now what can this response suggest? Well, the interviews suggested they had not yet seen the connection between the political activity of supporting Medicare and the traditional bread-and-butter matters. Some nearing retirement had; some with dependent parents had. The bulk, however, had not. If the balance of the rank-and-file leaders are anything like these 603 in political attitudes, then the whole labor movement would appear destined not to go very far or very fast in political activities.

## Conclusion

Finally, this leads to a brief concluding thought about Jack Barbash's point that one of the stresses and strains in the structure of union political action which seemed important to him was: ". . . the wide gap between the perspective of the leadership and the rank-and-file. . . ." Many of us who lay claim to being intellectuals have been harping on the notion that the trouble with the labor movement is that it is not advocating a grandiose all-inclusive social revolution. It does not speak of the "Brave New World." It practices "business-unionism." All the leadership tries to do, it is charged, is to win more wage benefits, shorter hours, and improved work rules in an attempt to cope with the day-to-day, on-the-job, shop problems. Many seem to be implying that if it continues down this path it has nowhere to go in membership but down. This seems to fly in the face of the empirical evidence about the attitudes of the local rank-and-file leader and his membership.<sup>2</sup> Both are in favor of unionism. They will fight to protect it from harm. They do, in a sense, form a labor movement; but it is perceived by them as a limited-purpose economic organization. They indicate they want it to continue in that vein. Political action is seen as "legitimate" only where necessary economic gains are thwarted at the bargaining table.

Supposedly the labor movement is a collection of individuals. It exists because they desire it to. It should,

and one would hope it does, function politically as they wish it to. How can anyone tell the International leaders that to survive they must broaden the political tactics of the labor movement beyond what both the rank-and-file leaders and members want? Selig Perlman wrote many years ago about the American labor movement and how one of the reasons for its being so different from foreign labor movements was its suspicion of intellectuals.<sup>3</sup> He said they attempt to impose their ideology on the labor movement to bring about great social and economic changes, often by political action.<sup>4</sup> It seems that what Perlman said then is still the case today. The local rank-and-file leaders and their membership are not interested in the programs the intellectuals say must be implemented by the labor movement if it is to survive.<sup>5</sup> To them their union is—and I quote Jack Barbash—a "function" not a "mission."<sup>6</sup> That function is very limited.

It seems, therefore, if there is any desire on the part of any intellectuals—including myself—for a large, active labor political program advocating all kinds of change for the society, it must be looked for elsewhere. Perhaps that is good. Perhaps the social revolution should come from another source: leave the labor movement to do what it does best, providing "Industrial Jurisprudence" and "Due Process" in the work place.

[The End]

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<sup>2</sup> For a complete picture of this evidence see, Alton C. Bartlett, *The Attitudes of Local Union Rank-and-File Leaders About the Political Activities of Their Union: A Comparison and Contrast*, Ph.D. dissertation, University of Wisconsin, 1964.

<sup>3</sup> Selig Perlman, *A Theory of the Labor Movement*, Augustus M. Kelley, New York, 1949, pp. 6, 239-240, 274-275.

<sup>4</sup> Cited at footnote 3, at pp. 6, 155-160, 201-202, 243-244, and throughout.

<sup>5</sup> It has been suggested, however, that there is a difference between labor's own intellectuals and those "outside" the labor movement. The rank-and-file leaders may be more agreeable to accepting the programs suggested by "their own" intellectuals.

<sup>6</sup> Jack Barbash, *Labor's Grass Roots*, Harper & Brothers, New York, 1961, pp. 200-201.

# Behavioral Science Analysis and Collective Bargaining Research

By ROBERT DUBIN

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AT THE ELEVENTH annual meeting of the IRRA I was invited to discuss the "Value of Industrial and Human Relations Research to Social Scientists."<sup>1</sup> That paper indicated what sociologists could learn from industrial relations research efforts. Seven years later Professor Shister invited me to make some comments on the other side of the coin, that is, what is going on in the behavioral sciences that might be useful for students of union-management relations.

Obviously in one hour any extensive approach would, perforce, be superficial. Therefore, I have chosen to deal with three specific analytical problems, all of which derive from behavioral science concerns, but which have significant consequences for the kinds of research done on union-management relations. I will undertake a substantive discussion of: (1) some aspects of power in union-management relations; (2) the structural position of workers in high level, advanced economies; and (3) some sources and consequences of social values in our society.<sup>2</sup>

## *Historical Note*

The history of the analytical, as distinct from the partisan, approach to union-management relations reveals four orientations.

The institutional approach appeared early under the impetus of John R. Commons and his followers. Institutional analysis employed historical materials in an attempt to write a natural history of union-management relations.

Another analytical approach focused on social justice. The academic analyst observed the distribution of power between management and labor and concluded that a vast imbalance existed. Attention here turned to justifying actions by labor that would restore a semblance of power balance. There was a great deal of the "do-gooder" outlook intermingled in this approach. This analytical view of union-manage-

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<sup>1</sup> Robert Dubin, "Industrial Research and the Discipline of Sociology," *Proceedings, Eleventh Annual Meeting, Madison, Wisc., Industrial Relations Research Assn.*, 1959, at pp. 152-172.

<sup>2</sup> Since this is intended as a "big picture" review for professional colleagues, the usual footnoting of sources is omitted on the assumption that the referent will be clearly recognized.

ment relations was characteristic of the late 1920s and throughout the 1930s, well into World War II.

A third approach came largely after World War II when attention in applied sociology and psychology turned to "humane human relations" and a concern with the social psyche of workers, people on relief and even such middle-class citizens as industrial managers. This analytical stance suggested that power relations inherent in collective bargaining were handled through the instrumentality of individuals and, therefore, if bargainers of good will would display their good will toward each other, power issues could readily be resolved. Indeed, such diverse analysts as William F. Whyte and Richard A. Lester, the former dealing with details of union-management interaction, the later considering the maturity of labor leadership, were caught up in the concern with maximizing human relations effectiveness in order to influence the content and direction of union-management relations.

A fourth approach was best characterized by the work of Perlman which has been continued sporadically since his classic book, *A Theory of the Labor Movement*. Perlman was concerned with whether or not ideology played a role in the strategies and tactics of unions. This issue had been considered repeatedly by the radical and socialist activists in the labor movement, and by such social critics as Daniel Bell in his *The End of Ideology*.

Each of these analytical foci employed its own methodology. Each was obviously limited in range of analytical problems by the restrictions imposed in the basic question confronted.

Characteristic of all four of these approaches was imprecision of research technologies. Perhaps only in the analysis of the impact of unionism

on the distribution of the national wealth were reasonably precise methods of analysis employed by Douglas and his successors. But even here time series data have more the appearance than the reality of precise measurement. The concern with the role of ideology, human welfare, institutional and human relations approaches all depended upon case descriptions and natural history technologies. Furthermore, insofar as historical data were employed, the notorious difficulty of generalization constituted a very genuine barrier toward development of substantive theories in this field.

On two grounds, therefore, we come down to present day analysis of union-management relations substantially divorced from the developments in the behavioral science disciplines in which we claim membership.

(1) We have chosen analytical problems different from the currently fashionable, or recently employed analytical problems of substantive social science disciplines.

(2) We have employed among the most imprecise research tools available in the behavioral sciences.

I will say nothing more about the failures with respect to methodology other than to suggest that it is high time we become more sophisticated. The main concern of this paper is to raise some issues about the nature of our analytical problems.

I propose to take three subjects and indicate in their partial analysis how we have treated these subjects in the past, and in what directions a more sophisticated approach drawing upon the developments in the behavioral sciences might take. The three subjects are: (1) power in union-management relations, (2) workers as consumers, and (3) the role of ideology in inter-group relations.

## **Power and Collective Bargaining**

The modern analysis of power has its roots in political concerns. With the advent of limited monarchies and democratic forms of civil governments, analysts turned attention to the issues of "who does what to whom" and "who gets what from whom" in the civil polity. As many have pointed out, analysis of the possession of power and its uses depends upon certain value preferences. The academic analysts who were important in the development of New Deal labor legislation culminating in the Wagner Act were obviously dedicated to a preference for social justice, defined in a balance-of-power model. Power in union-management relations was clearly one-sided favoring the employer. Rectification of this required an appropriate employment of governmental force to support the labor position and make collective bargaining power appear to be more equal. The academic analysts were concerned with the extent to which powers of company and union were balanced under the rules of the game specified by national and state legislation, as well as under the common law of the plant built up through collective bargaining.

In our more sophisticated theories of power we have discovered the possibilities of coalitions among dissimilar power holders. Indeed, when we add a coalition component to the power theory we discover there is the possibility that strong unions and strong managements can enter into coalitions at the expense of third parties. This clearly contrasts with the older and more limited view of coalitions in union-management relations where a weak union typically entered into a compact with a strong employer in "sweetheart agreements." The new forms of coalitions among strong power holders were learned during World War II when, in an era of consider-

able labor shortage, it was advantageous for both company and union to plead to the War Labor Board for wage increases and other adjustments in order that sufficient workers might be recruited for crucial war industries. A habit of going together in coalition to secure from government regulatory agencies a desired common goal carried over into the post war period and was exhibited repeatedly in national collective bargaining.

What were some of the shared pay-offs for which coalition among strong power holders proved useful? Stability in collective bargaining was certainly one. The move from annual to two, three and even five year collective bargaining agreements, coupled with the growth of permanent arbitration between a given company and its union, are two developments that stabilized collective bargaining to the mutual advantage of the parties.

The typical analytical assumption made is that each party viewed stability from a purely selfish standpoint and drew benefits out of bargaining stability that were private in character. Thus a union which had won a three year built-in escalation of wages and fringe benefits would not have to renegotiate two more times in order to achieve these benefits won with a current contract. The company would, of course, benefit by an ability to predict per hour labor costs over a three year rather than a one year period.

Stability in collective bargaining, however, also had unanticipated impact on third party interests that may not be so apparent. Let me illustrate by viewing the union impact on third party concerns. Here I would like to distinguish between the union officialdom on the one hand and the membership on the other hand.

The classic steel strike of 1959 over the principal but not the sole issue of shifting from a bilateral to a uni-

lateral determination of work rules was one of the last times in the American economy where the membership of a major union in an economically crucial industry was mobilized nationwide to fight out a power issue vis-à-vis management.<sup>3</sup> In subsequent relations with the steel industry, the leadership of the United Steelworkers developed highly technical systems of interaction which, among other things, effectively precluded rank-and-file participation. The notion of continuous negotiation was born by a continuous negotiation among highly trained specialists and experts. It takes no great analytical imagination to infer from this that a rank-and-file view might develop of its own union as an oligarchical democracy. The 1965 Abel challenge to the presidential leadership of MacDonald in the United Steelworkers might very well represent the use of membership power against an entrenched leadership because of a sense of alienation which the membership ascribes to its professional leaders. We might characterize this situation as being the union analogue to the old forms of welfare capitalism in which management took a paternalistic view of its workers. In the modern period the paternalism is apparently viewed as coming from a professional union leadership which "knows best" what is suitable and desirable for the workers it represents. Perhaps the fate of James Carey in the Electrical Workers may be attributed to a similar phenomenon.

Now the point that I am making is that what the professional analyst would call the development of mature and statesmenlike union leadership in collective bargaining, when viewed in the context of the union itself, comes to have an entirely different meaning. To union members, professional leader

competence may pay-off in wages, hours, working conditions and fringe benefits, but it may fail to pay-off in terms of a sense of control over their own destiny. Paternalism may be no more palatable when it comes from one's friends than when it comes from an alleged enemy.

The mass revolt of union membership should alert us as analysts to the fact that there is a distribution of power within unions, however entrenched the existing leadership elite may be, and that there is no such thing as a powerless electorate or a powerless led group. Thus, what appears to be a puzzling problem of why a high producer for his members, like MacDonald, should be unseated, turns out to make a great deal of sense, once the analyst gives up his preference for a utilitarian accounting system of payoffs and his value preference for labor leaders to become industrial statesmen.

Of course we have many other examples in American unionism where long time tenure in high office has not been effectively challenged. But this, then, raises for the analyst the very intriguing comparative question: under what conditions do such challenges arise and when are they not likely to occur? Here we may well attend to what the behavioral political scientists are beginning to learn about the dynamics of political parties and political leadership, on the one hand, and what the students of community power structures and the distribution of power in community decision making are uncovering on the other hand.

In another direction, the analysis of power in a strike situation may be represented in specific instances as a form of coalition in which industrial disorder is employed as a weapon against a third party like the gov-

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<sup>3</sup> The 1965 Longshoremen's strike in the East and Gulf Coast ports was another example of this kind of strike.



ernment. The pressure of industrial disorder is used to force a change in a policy position (example, a wage-price stabilization policy position) or even a law (example, in the New York City Welfare Union strike of 1965, the provisions of the Condon-Wadlin state act).<sup>4</sup>

We have learned enough about power in other settings to know that the view analysts of labor relations have taken of power in the union-management arena has been too limited. There is a power struggle between union and management; there may also be a power struggle within each of these groups which affects collective bargaining. There is the possibility even that union and management may enter a coalition explicitly or implicitly to employ their joint power at the expense of third parties.<sup>5</sup>

As analysts of union-management relations, we get led up rather short dead ends when we limit our view of power relations only to the primary struggle between company and union. Further, we are incapable of making sense of important data when we work with the notion that power is, after all, an interpersonal process and, therefore, good human relations which will improve interpersonal interaction will modify, if not eliminate, the undesirable aspects of power acts. We have employed the psychologically-oriented human relations approach derivable from both psychology and sociology to its maximum. What we

have discovered here has contributed something. Certainly this model has not accounted for a major segment of the variance in the distribution and employment of power in union-management relations. We are now at a point of knowing that we must move in new directions, perhaps even in the directions I have just suggested.

### **Workers as Consumers**

The second issue I would like to deal with is a structural one in which the position of workers in the structure of the industrial society itself becomes the analytical problem. The underlying assumption we have always made is that the workers' structural position in a society is a position of producer of goods and services. Indeed, the brilliant analyses of Weber and Tawney have led us to believe that this producer structural position even had associated with it an ideological rationale—the Protestant ethic—to give a valued position in the society to its producers of goods and services.

Analysts of union-management relations have always believed that workers are in a structural position of producers of goods and services. The alternative to the view of worker as producer is to consider his structural position as consumer, or producer-consumer. It will be argued here that as a fundamental feature of a high level output, industrialized society is precisely the shift in structural position of workers from that of producers to that of consumers.<sup>6</sup>

<sup>4</sup> In the later instance, for example, I feel reasonably certain from a perusal of the newspaper accounts, that managers of the city welfare administration were not unsympathetic to some of the strikers' goals, and that the occurrence of the strike was at least implicitly a coalition between professional welfare workers and their administrative superiors to change features of the operations of their agency. At the same time the membership of professional social workers had to be protected against

reprisals for striking, possible under the state law governing public employment.

<sup>5</sup> This is *not* the economist's traditional oligopoly since that theory deals with similarly situated coalitionists. Union and company as coalition partners are clearly not similarly situated.

<sup>6</sup> The next seven paragraphs are quoted from my article "Workers" (cited in footnote 1) in the forthcoming, *International Encyclopedia of the Social Sciences*, Vol. IV, New York, Free Press, Macmillan, ca. 1966-67.

Two important facts of modern life are: (1) most of the goods and services consumed are not personally produced and (2) money income or its equivalent (example, subsidies) is the common medium of exchange for securing consumer goods. Industrial and commercial workers are immersed in modern life and fully responsive to its opportunities for consuming goods and services.

Economic demands of workers through their unions, and social provisions for guarding level and continuity of income (unemployment insurance, job retraining, and social security) have combined to make money income available to them. Indeed, since the Great Depression of the 1930s economically advanced countries, including the Soviet Union, have experienced a rising level of spendable income in the hands of citizens as a result of growth of the gross national product. The majority of these citizens are workers.

The distribution systems of modern, high output economies are important as social inventions which make workers self-conscious of their consumer position. Two features are notable here: (1) modern merchandising methods and (2) consumer credit systems.

Modern merchandising methods exploit mass markets. In order to reach such markets, goods must be widely displayed and advertised to maximize the potential number of customers. Goods are openly and broadly displayed with enticements to buy, generally unrestricted by social class of potential consumer. Modern merchandising methods are necessarily dependent upon democratization of selling and mass exposure to buying opportunities.

The middle class virtue of deferring gratification to consume goods or services until their purchase price was in hand has been supplanted by a "buy-now-pay-later" consumer credit

system, highly developed in the United States and spreading rapidly to other advanced countries. This credit system is founded on the assumption of continuity of income for the borrower who can draw upon his future income by employing credit to purchase a complete range of goods and services. Consumers, and especially workers, are actively solicited to assume credit obligations, not only to encourage the sale of goods, but also for the seller to enjoy the added profit of interest on the credit. Workers represent the largest "mass" in mass markets, and the institutional arrangement of extending credit to them facilitates their active participation as consumers.

Given, then (1) the wherewithall to consume beyond mere subsistence levels, (2) modern merchandising methods and (3) a consumer credit system, it is not at all surprising that contemporary workers in advanced economies conceive of themselves as consumers as well as producers in the total society. Indeed, it is probable that the consumer self-image of workers will come to dominate. Perhaps it already does in the United States. (Its emergence in the Soviet Union was clear by the mid-1960s.)

With a consumer self-image goes an emphasis on the possession of goods and employment of services, their continual purchase and a willingness to use a consumer credit system to make this possible. Few goods are outside the reach of workers with money and credit (indeed credit delinquencies usually rise from over-ambitious purchases), and very few services remain at the exclusive command of upper classes. The mass society gains one of its principal characteristics from the fact that it is a mass consumption society. In such a society workers constitute the major consuming segment of the populace.

An interesting clue to the new position of workers in the social structure may be found in the present concern with the chronically poor. The anti-poverty programs spawned by the federal government focus upon the distressing fact that there is a measurable segment of the potential labor force that is chronically, if not permanently, unemployed. The thrust of the anti-poverty programs is to make such people employable and self-supporting. This is another way of saying that there exists here and now in our society a group of people in the normal working ages who manage to exist, survive and sometimes even prosper without doing remunerative labor. Indeed we might even conclude that the welfare institutions of our society are significant inventions that permit a full time consumer position to be fulfilled by welfare recipients, without the need for working for wages. Therefore, I take a very positive view of our welfare institutions as being social inventions which address themselves to the consumer rather than producer position of the non-worker in our society. In national income accounting, welfare payments are pure spendable income (transfer payments) and their recipients pure consumers.

There are obvious implications of this new structural position of workers in society for the collective bargaining situation and union-management relations. In addition, these implications bear upon the nature of attachment to work, discipline at work and the expected pay-offs for working.

By examining features of social change in a high level economy, one discovers the possibility that a substantial group of citizens, like workers, may occupy a new structural position in society which is emerging under our eyes. Once recognized, this illuminates developments in the society, but

it also shifts analytical attention. In particular, I am thoroughly convinced that the sociology of work and the economics of collective bargaining will be materially altered if we simply change our present assumption about workers' structural position being that of producer. The alternate assumption is that the workers' structural position in society while working is that of consumer or some intermediate position in which both orientations are relevant to the analysis of workers as a class.

### **Industrial Values**

In the earlier paper presented to the Association seven years ago, I called attention to the values of *persistence* and *interdependence* as deriving from the logics of the industrial institution and influencing other institutions of the society. Furthermore, it was suggested that values themselves were formed as rationalizations of behavior, rather than coming into being as guides for behavior. With further knowledge, it is necessary to revise the model of the formation and impact of values on behavior.

In the revised model I would suggest that values, once established as rationalizations for basic institutionalized behavior, become a guide for behavioral choices where the industrial institution intersects with other institutions. As an example, the Negro revolution of the mid-1960s shows that the response of industrialists clearly follows the persistence and interdependence values when industry and other institutions intersect. Southern industrialists, when they have taken a public stand on civil rights, eschew the white supremacist value position which clearly preceded industrialization and development of industrial values in the South.

In the weeks preceding this meeting notable developments took place in Mississippi and Alabama on civil rights problems. Full page advertisements appeared in the daily newspapers of both states proclaiming the need for observance of federal laws governing civil rights. The principal signers of these advertisements were the leaders of the business community, individual businessmen and organized groups like the Chamber of Commerce and Manufacturers Association. The advertisements stated:

(1) It was good for the persistence of business to be bound by the laws of the land and that the business organizations of the community proposed to do so. Their destiny as individual businesses was tied to the continuing functioning of the society as a law-based one.

(2) The other featured theme of the advertisements was that prosperity of the entire community was the sum of the prosperity of its parts, and that Negroes as parts of the Southern community must also prosper if all were to be well off. (Here the interdependence theme emerged clear-cut.)

We are obviously dealing here with the intersection of the industrial institution with a number of other institutions, including government, schools and a social caste system. It must be made very clear that the individual company executives who took the action publicly to declare their support of civil rights in the strongest bastions of white supremacy were doing so as businessmen, not as moral leaders of their communities. They found within their own operations, and characteristic of their own institutional setting, the clear-cut values that justified the civil libertarian position taken. It was not that they were necessarily convinced of the overriding importance of civil rights that motivated their courageous and very important ac-

tion. Rather, the enlightened self-interest of the business community itself provided the guide for action—the need for insuring the persistence of business in the South and the recognition that the society as a whole is as interdependent among institutions as are the internal parts of a business firm.

When we examine the relation between social action and value systems, we discover: (1) that the values may be generated out of the logics of an institutional setting and the behaviors required to fulfill these logics (as I pointed out seven years ago) and (2) that where the primary institution intersects with other institutions, the primary institution values guide the actions taken at the points of intersection.

It now seems to be less meaningful to talk about a “liberal” or “conservative” set of values guiding the actions of the business community. We perhaps need to modify our models of the formation and consequences of values for behavior in order accurately to model the reality of a social system in operation.

It takes little imagination to see some of the possible consequences of the positions taken by industrial leaders on civil rights. Unquestionably, some unions will be forced to bring themselves up to at least the position of industrial spokesmen on civil rights. Furthermore, it is highly probable in those contractual situations where managers and union leaders have explicitly discriminated against Negro workers or job applicants, the union leaders involved will be shamed and forced to remove the discriminatory intent and content of their union contracts.

One can follow through a similar analysis to discover how the values generated out of an industrial institution provide the guides for action in other spheres when this institution intersects others.

## Conclusion

My general conclusion is that industrial relations research has been encapsulated by our lack of innovation in theoretical outlook and analytical focus of attention. Parenthetically, we have also trailed significantly behind research in the behavioral sciences for failing to employ and exploit sophisticated research technologies now available.

It is perhaps desirable that over the past five years or more there has been a decline of interest in industrial re-

lations research, and perhaps even a decline of scholarly productivity in this area. It is often out of such a period of intellectual doldrums that new and exciting advances may come. I hope, therefore, that the next five years will see a marked infusion of intellectual excitement in the analysis of union-management relations that could well be the product of new ideas coming from sister disciplines.

[The End]

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# Comments on Behavioral Science Analysis and Collective Bargaining Research

By CARL M. STEVENS

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PROFESSOR DUBIN'S discussion of the structural issue which he identifies as "workers as consumers" is that portion of his paper with implications perhaps the most far-reaching. Let me therefore begin with some attention to it.

I must confess that I had some initial difficulties (essentially terminological I think) with parts of the discussion in this section. For example, when Professor Dubin says: ". . . it not at all surprising that contemporary workers in advanced economies conceive of themselves as consumers as well as producers in the total society," I am inclined to reply: "Quite right, and indeed were any workers in any economies to conceive of themselves in contrary fashion, it would be downright amazing."

Terminological problems aside, the structural shift that Professor Dubin is talking about is, I take it, involved with the kind of thing that perhaps David Reisman has in mind when he

contends that work has become less meaningful and less intense and that the one social role that still matters is that of consumer. This then presumably leads individuals to attempt to map themselves into the social structure primarily in terms of consumer-oriented concerns rather than producer-oriented concerns.

Of course to a considerable extent, producer-oriented concerns (for example, that in higher wages) are pursuant to and not clearly differentiated from consumer-oriented interests (for example, that in higher rates of consumption). Nevertheless, I am inclined to agree with Professor Dubin that some such structural shift as he refers to may obtain. If so, it certainly should have some implications for the collective bargaining situation and union-management relations. I am not so sure, however, that I agree that these implications are "obvious."

## Conjectural Questions

Is it one implication that an attenuation of the members' identifica-

tion with the producer role will lead to unions having less concern with terms and conditions of employment than has heretofore been the case? If this is so, what other concerns will be developed and what particular programs evolved pursuant to these? Will unions get seriously behind the notion (suggested in various quarters these days) that the connection between wages-for-work and income should be severed—that is, that other principles for and institutions to achieve distribution of the national income should be adopted?

However readily answers to such conjectural questions come to mind, I think that Professor Dubin's point in this section of his paper is of considerable potential importance. It is the kind of suggestion which, upon due reflection, might well lead to some significant reorientation of thinking in this field.

There is a sense in which an economist might be led to an evaluation of the analytical position involved with this structural issue which, at first glance at least, might seem to be saying something rather the opposite of what Professor Dubin is saying.

This has to do with welfare (normative) evaluation of collective bargaining institutions. Conventionally, economic welfare analysis has been strongly consumer oriented. Producers' attempts and schemes to look out for their own interests as producers (for example, make-work rules) are viewed with alarm because of the adverse impact upon total output and upon their own and other people's interests as consumers.

As a vivid oversimplification, let me say that the traditional welfare-analysis orientation would almost seem to have it that participants in the economic order get all of their "kicks" in their role as consumer. Perhaps, as has been suggested in a well-known

quarter, the growing condition of affluence should lead to some modification in this orientation—for example, to a less strongly negative evaluation of small losses to GNP here and there on the margin. In any event, the view is now more easily accommodated that the total satisfaction people get out of participating in the economic order is the utility they get from consuming their share of GNP net (algebraic sum) of the utility or disutility they experience in consequence of producing their share of GNP. In this view, it makes sense to take directly into welfare-evaluation account those utilities attaching to the process of production (as well as those attaching to the process of consumption). This leads, of course, to a somewhat different evaluation of various collective bargaining institutions.

### ***Paradox***

The paradox is this. In olden times when, according to Professor Dubin, workers thought that they were producers, economists insisted upon evaluating their institutions from the point of view of disutilities they incurred (in the aggregate) in their role as consumers. However as Professor Dubin would have it, now that workers think that they are consumers, economists may be willing to admit that it might make some sense to evaluate their institutions from the point of view of utilities they gain in their role as producers.

### ***Power and Collective Bargaining***

Let me turn briefly to Professor Dubin's interesting discussion of power and collective bargaining. He points out that modern theories of power have discovered that which the parties to collective bargaining have learned—namely, the possibilities of coalitions among power holders which are directed at shared gains often secured at the expense of third parties. (It

should at least be remarked in passing in this context that conventional economic analysis of market structures has long emphasized the probability of coalitions in those markets in which competition is among the few—coalitions in which the marketeers stand to gain at the expense of third parties.)

As an initial example of union-management-coalition-imperilled third party interest, Dubin suggests that of the union members, in those unions which in this way become oligarchic. Now I would certainly agree that the oligarchic union problem is a real problem. Indeed, there is a long history of concern with it. What is less clear to me is what modern theories of power are supposed to bring to the analysis of it. Oligarchic unions could develop from circumstances more or less independent of the phenomenon of union-management coalitions. In any event, much analysis of this problem does not turn on considerations relating to such coalitions. Is it Professor Dubin's point, however, that it is precisely the possibilities of coalitions suggested by modern theories of power that should be viewed as peculiarly central to analysis of the oligarchic union phenomenon?

As a second example of union-management-coalition-imperilled third party interest, Dubin suggests that of the "public"—as represented in, for example, a government anti-inflation on wages policy. I agree that the problem how to serve and conserve the public interest in "correct" price making in collective bargaining markets is an important one. But again, Professor Dubin needs to spell out for me more than he does how modern power theory is to be brought to bear upon it. Is one implication that perhaps modern theories of power can lead the way in showing how what is now "non-countervailing coalition" in vertical

market structure can be transmuted into some of that "countervailing power" that we had at one time been led to expect so much of?

Comprehended by Professor Dubin's rubric "power and collective bargaining" is an issue involved with the relationship between collective bargaining research and collective bargaining in which I have a special interest. This has to do with what might be thought of as the problem of the "scientific status" of negotiation theory.

My feeling is that much negotiation theory may (in an essential way) occupy a somewhat unconventional scientific status. That is, in some of its parts, it seems less a vehicle for predicting outcomes and more the sort of thing that might appear in a "handbook" or "guide" for negotiators. Looked at from this latter point of view, it is an interesting question to the designer of negotiation theory whether his apparatus makes sense or nonsense to the actors (negotiators) themselves.

### Conclusion

In the normal course of events the theorist might expect to get an answer to this kind of question as the actors pursue the results of his efforts and express opinions. However, the normal course of events seems to be considerably impeded by, among other things, a communications barrier, as the actors confront the (perhaps unnecessarily) stylized and special language in which the theories are cast. I am increasingly convinced that to make progress in this area will require special contrivance—the theory constructors and the parties will somehow have to get together to arrange what amount to "clinical" tests of the theories. [The End]

# Comments on Behavioral Science Analysis and Collective Bargaining Research

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**M**AY I in agreement with Professor Dubin's central conclusion note that, where industrial relations research has progressed, the advance has come about through adapting the work of behavioral scientists, who for the most part do not concern themselves primarily with collective bargaining.

This point is well illustrated by Berelson and Steiner's recent survey of findings about human behavior.<sup>1</sup> Almost all the findings they report on industrialization, economic institutions and social stratification are contributions of anthropologists such as Firth, of psychologists such as McClelland, and of sociologists and economists working within the traditional framework of their disciplines.

## **Grounds for Comparison of Behavioral Science Achievements**

Invariability of observations, objectivity of explanations, verification of hypotheses, measurability of phenomena, constancy of numerical relationships and predictability of future events seem to be the proper grounds for a systematic analysis of the achievement of scientific disciplines.<sup>2</sup> Indeed the very circumstance of a given scientific discipline is often made dependent upon the fulfillment of at least these six requirements.

With these objectives in mind, examination of recent behavioral science analysis and collective bargaining research seems to call for several comments:

**Invariability of observations.**—The limitation of behavioral sciences *qua* sciences are often viewed as inherent in the uniqueness of social phenomena. Increasingly, as analytical approaches are being refined, such views are open to challenge.

One purpose of much of the recent research has been the introduction of an increased number of variables into the models. The practical application of scientific studies is enhanced by such consideration of more of the factors relevant to the situation or structure being analyzed. Most encouraging is evidence pointing to the presence of a larger number of phenomena that repeat themselves than was expected earlier. The development is exemplified in the recent work on labor force participation rates, such as that of Mincer, where the simple dichotomy of choices between income and leisure has been enlarged by consideration of family incomes, educational levels, age, race, wage employment availability, size of family, etc.

**Objectivity of explanations.**—There has been no apparent increase in recent years in the objectivity of observations in collective bargaining research. While greater objectivity is still needed, the bias in research is less likely to have provocative effects now than in the 1950s, as the tensions between labor and management have somewhat abated. This is indeed progress—but behavioral rather than analytical.

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<sup>1</sup> Berelson and Steiner, *Human Behavior*, Harcourt Brace, New York, 1964, pp. 327-436.

<sup>2</sup> See F. Machlup, "Are the Social Sciences Really Inferior?" *Philosophy of the Social Sciences*, Maurice Nathanson, ed., Random House, New York, 1963, pp. 158-180.



**Verification of hypotheses.**—Collective bargaining research in a comparative framework tends to offset some of the drawbacks to which Professor Dubin refers, of the use of time series. The number of low-level hypotheses which are being tested has increased. Among the hypotheses verified in an international context are the one that posits that “there is a greater propensity to strike in industries that tend to isolate the workers from the larger community”<sup>3</sup> and the one positing that “the longer the history of union management relations, the shorter the duration of the strikes that do occur.”<sup>4</sup>

**Measurability of phenomena.**—The general presumption that collective bargaining is characterized by factors that are non-quantifiable is an opinion, it seems to me, which has had unfortunate effects upon research. I do not like the current vogue—particularly marked in economics—which substitutes quantification for analysis (and thus confuses postulated equations with established facts). Nevertheless, I believe that persistent attempts at measurement can bring us closer to the essence of certain behavioral complexities. For instance, without numerical evaluation we could not hope to arrive at any meaningful assessment of the impact of unionism.

Rees’s recent conclusion that “the average effects of all American unions on the wages of their members in recent years would lie somewhere between 10 and 15 per cent”<sup>5</sup> seems to me to be a valuable payoff for

attempts at quantification. Here it will not do to argue that the answer is incomplete or that the measurement is inexact. Relative wages do not tell the whole story of union impact, and the measurement of union-induced employment-displacement in which Gregg Lewis and his students are now engaged will tell us more. The measurement is indeed inexact and I would not defend it to the last percentage point. It does set valuable limits. While I would agree with the comment that the union impact on relative wages might be closer to 20 or even 22.9 per cent, I would emphasize the certainty that the unions’ impact on relative wages is not 100 per cent or 150 per cent. This is particularly important in view of the normative overtones with which this issue is surrounded.

**Constancy of numerical relationships.**—Neither old wisdom nor new research has led to the discovery of “constants”—unchanging numbers expressing unchanging relationships between measurable quantities<sup>6</sup>—in the process of collective bargaining. On the contrary, recent work suggests that relationships earlier hypothesized as constants, for example, the ratio of supervisors to workers, the ratio of skilled to unskilled, and the ratio (age constant) of the economically active to the total population vary with culture, type of production, capital investment, and stage of industrialization.<sup>7</sup> Here all we have are more variables and new questions.

**Predictability of future events.**—When collective bargaining specialists

<sup>3</sup> Kerr and Siegel, “The Interindustry Propensity to Strike,” *Industrial Conflict*, Kornhauser, Dubin and Ross, eds., McGraw-Hill, New York, 1954, p. 190.

<sup>4</sup> Ross and Hartman, *Changing Patterns of Industrial Conflict*, Wiley, New York, 1960.

<sup>5</sup> Rees, *The Economics of Trade Unions*, University Press, Chicago, 1962, p. 79. This conclusion, incidentally, would not have been valid prior to 1958.

<sup>6</sup> Machlup, cited at footnote 2, at p. 170.

<sup>7</sup> See for example, Harbison and Myers, *Management in the Industrial World*, McGraw-Hill, New York, 1959, and Hill and Harbison, *Manpower and Innovation in American Industry*, Princeton University Press, Princeton, 1959.

try to forecast the future they do not fare significantly worse than other mortals. Low-level predictions (for instance, the one made in 1959 that an increasing number of disputes will revolve around the introduction of automated machinery) often turn out to be correct. These cannot be credited either to progress or to lack of it in social-science methodology or in the study of collective bargaining.

We still have only our opinions as to whether or not a given change in the level or coverage of a minimum-wage law will result in decreased (or increased) employment in the manufacturing sector; we have no way of determining analytically how a fight for union leadership will be resolved; and unless we are privy to arrangements between the principals, we cannot tell if a particular strike will or will not take place. I would suggest that far more evidence and understanding should be acquired before we indulge any oracular inclinations.

The score card is far from impressive. Yet there is no reason for despair. There is reason for hope.

The pace of analytic activity is increasing to a gallop in response to a new pair of government-publicized

spurs: the concern with manpower utilization, and the poverty war. Private as well as government financing for developmental programs includes explicit allocation for concomitant research. There is reason to hope that studies undertaken within the next few years will clarify obstacles, suggest policies, and generally add to our knowledge of occupational choice, industrial and vocational education, hiring procedures, union admission requirements, labor market mobility and other related questions.

On the bargaining theory front, where a few years ago many of us argued that developments in the theory of games and in the field of information theory would lead us to significant progress, I am now much less optimistic. My stance is due not only to the lack of progress in developing a viable theory of power but also to the fact that in this field we assume that the participants act in terms of sequential probability decisions. Human beings do not act in such fashion.

The only conclusion that I can draw thus is that there is still room for "art" in collective bargaining.

**[The End]**

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